

# GLOBAL OFFERING



Jiayuan International Group Limited  
佳源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2768



Sole Sponsor and Sole Global Coordinator



Joint Bookrunners and Joint Lead Managers



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## IMPORTANT

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



# Jiayuan International Group Limited

## 佳源國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

### GLOBAL OFFERING

<b>Number of Offer Shares under the Global Offering</b>	<b>:</b>	<b>450,000,000 Shares (subject to the Over-allotment Option)</b>
<b>Number of Hong Kong Offer Shares</b>	<b>:</b>	<b>45,000,000 Shares (subject to re-allocation)</b>
<b>Number of International Placing Shares</b>	<b>:</b>	<b>405,000,000 Shares (subject to re-allocation and the Over-allotment Option)</b>
<b>Maximum Offer Price</b>	<b>:</b>	<b>HK\$2.48 per Offer Share (payable in full in Hong Kong dollars on application plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund)</b>
<b>Nominal value</b>	<b>:</b>	<b>HK\$0.01 per Share</b>
<b>Stock code</b>	<b>:</b>	<b>2768</b>

#### Sole Sponsor and Sole Global Coordinator



#### Joint Bookrunners and Joint Lead Managers



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

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

The information contained herein does not constitute an offer of securities for sale in the United States. Securities may not be offered or sold in the United States unless they are registered under applicable law or are exempt from registration under the US Securities Act. The securities mentioned herein have not been, and will not be, registered under the US Securities Act. No public offering of securities will be made in the United States.

The Offer Price is expected to be determined by agreement among our Company and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Wednesday, 2 March 2016, or such later time as may be agreed by our Company and the Sole Global Coordinator (on behalf of the Underwriters), but in any event not later than Monday, 7 March 2016.

The Offer Price will not be more than HK\$2.48 per Offer Share and is currently expected to be not less than HK\$1.49 per Offer Share. Investors applying for Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$2.48 per Offer Share, unless otherwise announced, together with a brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is lower than HK\$2.48.

The Sole Global Coordinator, on behalf of the Underwriters, may, with our Company's consent, reduce the number of Hong Kong Offer Shares below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, an announcement of the reduction in the number of Offer Shares being offered under the Global Offering will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as well as on our Company's website at [www.jiayuanintl.com](http://www.jiayuanintl.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as soon as practicable but in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering for which details are set out in the sections headed "Structure of the Global Offering" and "How to apply for Hong Kong Offer Shares" in this prospectus.

If, for any reason, the Offer Price is not agreed by Monday, 7 March 2016 by our Company and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

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

The obligations of the Underwriters under the Underwriting Agreements to subscribe for, and to procure applicants for the subscription for, the Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Underwriters), if certain grounds arise prior to 8:00 a.m. (Hong Kong time) on the date when dealings in the Shares first commence on the Stock Exchange. Further details of such termination are set out in the section headed "Underwriting-Underwriting arrangements and expenses" in this prospectus.

26 February 2016

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## EXPECTED TIMETABLE <sup>(NOTE 1)</sup>

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Latest time to complete electronic applications under the <b>HK eIPO White Form</b> service through the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a> <sup>(Note 2)</sup> . . . . .	11:30 a.m. on Wednesday, 2 March 2016
Application lists of the Hong Kong Public Offering open <sup>(Note 3)</sup> . . . . .	11:45 a.m. on Wednesday, 2 March 2016
Latest time to lodge <b>WHITE</b> and <b>YELLOW</b> Application Forms . . . . .	12:00 noon on Wednesday, 2 March 2016
Latest time to give <b>electronic application instructions</b> to HKSCC <sup>(Note 4)</sup> . . . . .	12:00 noon on Wednesday, 2 March 2016
Latest time to complete payment of <b>HK eIPO White Form</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . .	12:00 noon on Wednesday, 2 March 2016
Application lists of the Hong Kong Public Offering close . . . . .	12:00 noon on Wednesday, 2 March 2016
Expected Price Determination Date <sup>(Note 5)</sup> . . . . .	Wednesday, 2 March 2016
(1) Announcement of	
• the level of applications in the Hong Kong Public Offering;	
• the level of indications of interest in the International Placing; and	
• the basis of allotment of the Hong Kong Offer Shares	
expected to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on . . . . .	
Monday, 7 March 2016	
(2) Results of allocation of the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (see the section headed " <b>How to apply for Hong Kong Offer Shares — Publication of results</b> " in this prospectus) from . . . . .	
Monday, 7 March 2016	
A full announcement of the Hong Kong Public Offering containing (1) and (2) above will be published on the Company's website at <a href="http://www.jiayuanintl.com">www.jiayuanintl.com</a> and the website of the Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> from . . . . .	
Monday, 7 March 2016	

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## EXPECTED TIMETABLE<sup>(NOTE 1)</sup>

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Results of allocations in the Hong Kong Public Offering will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a “search by ID” function from. . . . . Monday, 7 March 2016

Despatch of share certificates in respect of wholly or partially successful applications on<sup>(Note 6)</sup> . . . . . Monday, 7 March 2016

Despatch of **HK eIPO White Form** e-auto refund payment instructions/ refund cheques in respect of wholly or partially unsuccessful applications on<sup>(Notes 6 and 7)</sup> . . . . . Monday, 7 March 2016

Dealings in Shares on the Stock Exchange to commence at 9:00 a.m. on . . . . Tuesday, 8 March 2016

*Notes:*

- (1) All times refer to Hong Kong local time, except otherwise stated. Details of the structure of the Global Offering, including conditions of the Global Offering, are set forth in the section headed “Structure of the Global Offering” in this prospectus.
- (2) You will not be permitted to submit your application to the **HK eIPO White Form** service provider through the designated website [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 2 March 2016, the application lists will not open and close on that day. See the section headed “How to apply for Hong Kong Offer Shares — Effect of bad weather on the opening of the application lists” in this prospectus.
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed “How to apply for Hong Kong Offer Shares — Applying by giving electronic application instructions to HKSCC” in this prospectus.
- (5) The Price Determination Date is expected to be on or about Wednesday, 2 March 2016. 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 (including the Hong Kong Public Offering) will not proceed.
- (6) Refund cheques or e-auto refund payment instructions will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications if the Offer Price is determined at less than the price payable on application. Part of the applicants’ 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 purposes. 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 delays in encashment of, or may invalidate, the refund cheque.
- (7) Applicants who apply via **HK eIPO White Form** or with **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all information required by your Application Form, may collect refund cheques, if any, and (where applicable) share certificates in person from the Company’s Hong Kong Share Registrar, may collect refund cheques, if any, and (where applicable) share certificates in person from Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 7 March 2016. Applicants being individuals who opt for personal collection must not authorise any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations’ chops. Identification and authorisation documents (where applicable) acceptable to Tricor Investor Services Limited must be produced at the time of collection.

Applicants who apply with **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offering and have provided all information required by your Application Form, may collect refund cheques in person, may collect their refund cheques (if any) but may not elect to collect the share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for **YELLOW** Application Form applicants is the same as that for **WHITE** Application Form applicants.

Uncollected share certificates and refund cheques will be despatched 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 — Refund of application monies” in this prospectus.



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## EXPECTED TIMETABLE<sup>(NOTE 1)</sup>

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Share certificates will only become valid certificates of title provided that, no later than 8:00 a.m. on the Listing Date, the Global Offering has become unconditional and neither the Hong Kong Underwriting Agreement nor the International Placing Agreement has been terminated in accordance with its terms. If any of the Underwriting Agreements does not become unconditional or is terminated in accordance with the terms therein, our Company will make an announcement as soon as possible. No dealings in the Offer Shares should take place prior to the commencement of dealings in the Shares on the Stock Exchange. Investors who trade the Offer 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.

For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offering, please refer to the sections headed “Underwriting”, “Structure of the Global Offering” and “How to apply for Hong Kong Offer Shares” in this prospectus.

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

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

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## SUMMARY

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*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 this prospectus in its entirety before you decide whether to invest in our Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed “Risk factors” in this prospectus. You should read this section carefully before you decide whether to invest in our Shares.*

### OVERVIEW

We are an established property developer of large-scale residential complex projects and integrated commercial complex projects<sup>1</sup> in Jiangsu Province, the PRC. Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure; and (iii) the leasing of commercial properties owned or developed by us.

Adhering to our core development strategy of “major cities and selected key towns” (「大城市、小城镇」), we had, as at 30 November 2015, a portfolio of 19 property development projects in various major cities or key towns in Jiangsu Province, comprising 14 residential complex projects and five integrated commercial complex projects. Out of these 19 property development projects, we completed the development of eight projects and part of seven projects. As at 30 November 2015, we completed a total GFA of approximately 2.6 million sq.m. We had nine on-going projects and two projects, the construction works of which had not commenced, constituting (i) properties under development of approximately 2.0 million sq.m.; and (ii) properties held for future development of approximately 2.3 million sq.m. as at 30 November 2015. Pursuant to our core development strategy, we will focus our development effort on (i) residential properties in major cities such as Nanjing and Yangzhou; and (ii) integrated commercial complexes in “key towns” (中心镇) or towns which are under key development, such as Taixing and Changzhou.

In response to the national policy of continuing urbanisation, and the call for city modernisation emphasised by the Jiangsu Provincial Government, we envisage that key towns will be developed into major economic and transportation hubs among neighbouring towns, facilitating the pull factors for urbanisation. We expect that the economic development of key towns will also enrich the disposable income of the local residents, which, in turn, will attribute to a healthy demand for residential and commercial properties. We also plan to adhere to our core development strategy to expand our operations to develop residential complexes in cities with sizeable regional economies and populations such as Guangzhou, Shenzhen, Zhuhai, Jinan and Chongqing with a view to maximising our return under the projected property demand in the PRC.

Our residential complexes and integrated commercial complexes have been or will be developed into mixed-use communal style complexes, which are designed to provide a high level of convenience and enjoyment to our customers. In this regard, we strive to infuse into our developments (i) education value by developing schools in our property development projects; (ii) leisure value by apportioning a sizeable site area of our project for the development of gardens and squares with a view to enhancing their visual appeal; and (iii) commercial value by developing retail stores and/or shopping arcades in close proximity to the residential area of our complexes. Based on these key values, we believe that our quality property development projects are or will be well received in the locations in which we operate or plan to expand our operation.

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<sup>1</sup> A residential complex developed or planned under such projects does not have a shopping arcade. Under our operational model, we aim to sell all of the residential properties and commercial properties within our residential complexes.

An integrated commercial complex is intended to be developed with a shopping arcade that will be housed with a mixture of restaurants, retail outlets and other facilities. We plan to retain control over the central management of our shopping arcades in order to enable us to select tenants and determine industry composition. Under our operational model, we aim to (i) sell all of the residential properties, and 50% of the commercial properties within our integrated commercial complexes; and (ii) retain the ownership of 50% of the commercial properties for investment purposes.



## SUMMARY

During the Track Record Period, we derived our revenue primarily from our property development (including the sale of residential properties and commercial properties developed by us). The table below sets out a breakdown of our revenue by segment for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Property development										
— sale of residential properties	1,533,681	73.2	1,727,331	67.9	1,161,437	50.1	916,138	73.7	768,925	77.6
— sale of commercial properties (including office space)	262,312	12.5	310,077	12.2	615,466	26.5	150,691	12.1	204,184	20.6
	1,795,993	85.7	2,037,408	80.1	1,776,903	76.6	1,066,829	85.8	973,109	98.2
Development services	292,168	14.0	494,392	19.4	525,081	22.7	167,071	13.4	2,997	0.3
Property investment	6,695	0.3	12,819	0.5	16,282	0.7	9,445	0.8	14,899	1.5
Total	<u>2,094,856</u>	<u>100.0</u>	<u>2,544,619</u>	<u>100.0</u>	<u>2,318,266</u>	<u>100.0</u>	<u>1,243,345</u>	<u>100.0</u>	<u>991,005</u>	<u>100.0</u>

The table below sets out a breakdown of our cost of sales by segment for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
							(unaudited)			
Property development										
— land acquisition costs	386,196	21.5	367,283	18.0	300,932	16.0	183,667	16.8	129,125	17.2
— development costs	1,070,306	59.6	1,076,451	52.7	902,222	47.8	682,352	62.6	581,488	77.5
— capitalised interest	50,905	2.8	108,057	5.3	162,164	8.6	58,375	5.4	37,072	4.9
	1,507,407	83.9	1,551,791	76.0	1,365,318	72.4	924,394	84.8	747,685	99.6
Development services	289,272	16.1	490,984	24.0	520,984	27.6	165,877	15.2	2,900	0.4
Total	<u>1,796,679</u>	<u>100.0</u>	<u>2,042,775</u>	<u>100.0</u>	<u>1,886,302</u>	<u>100.0</u>	<u>1,090,271</u>	<u>100.0</u>	<u>750,585</u>	<u>100.0</u>

*Note:* Our Group generally did not incur any cost of sales for our property investment business.

Our gross profit is calculated by deducting our cost of sales from our revenue. The table below sets out our gross profit and gross profit margin by segment for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
							(unaudited)			
Property development	288,586	16.1	485,617	23.8	411,585	23.2	142,435	13.4	225,424	23.2
Development services	2,896	1.0	3,408	0.7	4,097	0.8	1,194	0.7	97	3.2
Property investment	6,695	100.0	12,819	100.0	16,282	100.0	9,445	100.0	14,899	100.0
Total	<u>298,177</u>	<u>14.2</u>	<u>501,844</u>	<u>19.7</u>	<u>431,964</u>	<u>18.6</u>	<u>153,074</u>	<u>12.3</u>	<u>240,420</u>	<u>24.3</u>

## OUR COMPETITIVE STRENGTHS

We believe that our competitive strengths include the following:

- We undertake a planning and design process and quality control process to ensure the quality of our products which is fundamental to our performance.
- We have established an operation system that facilitates the development of quality property projects in a timely and cost efficient manner.

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## SUMMARY

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- We have acquired sufficient land reserves for our operations.
- We have been successful in establishing the “Jia Yuan” brand and our reputation as a proficient property developer in Jiangsu Province.
- We have a stable and experienced management team and abundance of professionals as well as a management and organisation structure that promotes operational efficiency.

### OUR BUSINESS STRATEGIES

We aim to become one of the leading property developers in the PRC by adopting and implementing the following strategies:

- We will further expand our operations in Jiangsu Province and other parts of China in which we currently do not have a presence.
- We will continue to enhance the recognition of our “Jia Yuan” brand, develop and improve our resident-oriented and innovative project designs.
- We will continue to recruit, retain and train our talented employees.

### OUR CUSTOMERS

During the Track Record Period, our customers mainly comprised purchasers of our residential properties and/or commercial properties, who are individuals and corporate entities, and tenants of our commercial properties. During the Track Record Period, the revenue generated by our five largest customers accounted for approximately 2.9%, 6.3%, 3.3% and 3.2% respectively of our total revenue. Our largest customers for each of the same periods accounted for approximately 1.0%, 2.0%, 0.8% and 0.8% respectively of our total revenue. We sell our properties through our own sales team and/or sales agents which are engaged by us on an exclusive or non-exclusive basis. During the Track Record Period, we predominantly employed media and billboard advertisements. We also held promotional activities on our complex premises to promote our products. It is our plan to organise, sponsor and participate in large-scale press conference and exhibitions to enhance the recognition of our “Jia Yuan” brand. Please refer to the section headed “Business — Our key property development process — Sales and marketing” in this prospectus for further details.

### PROCUREMENT AND SUPPLIERS

During the Track Record Period, our five largest suppliers included construction contractors, electricity works supply contractors and landscaping and greening works contractors, which accounted for approximately 46.6%, 58.1%, 70.4% and 68.7%, respectively, of our total purchases for the respective periods. Our largest supplier for each of the same periods accounted for approximately 27.6%, 22.0%, 31.9% and 35.4% respectively, of our total purchases for the respective periods.

The raw materials used in our property development projects are, to a large extent, procured by our construction contractors, while specific raw materials may be procured by ourselves. Please refer to the section headed “Business — Suppliers” in this prospectus for further details.

### INTELLECTUAL PROPERTY RIGHTS

We believe that our success is, to a large extent, attributable to the establishment of our “Jia Yuan” or “佳源” brand. We obtained a non-exclusive license to use the trademarks “Jia Yuan” or “佳源” from Jin Jiang Limited and Zhejiang Jia Yuan Group, being companies ultimately wholly-owned by Mr. Shum pursuant to the trademark license agreement dated 27 July 2015 for a period of 10 years. Please refer to the sections headed “Risk factors — Risks relating to our business — Any adverse publicity or other adverse development that may affect our reputation, brand image or the “Jia Yuan” or “佳源” brand generally and any failure in renewing the non-exclusive license to use such brand may result in a material adverse effect on our business, results of operations and financial condition” and “Continuing connected transactions — Fully exempt continuing connected transactions — Trademark license agreement” in this prospectus for further details.

## SUMMARY

### PROJECT FINANCING

During the Track Record Period, the main source of funding for our property development projects included (i) proceeds of pre-sale and sale of our properties; (ii) bank borrowings; and (iii) financing from trust companies and asset management companies. As at 31 August 2015, the outstanding debt due from us for our business operations amounted to approximately RMB5,267.9 million, out of which the outstanding debt incurred by us in debt financing from trust companies and asset management companies amounted to approximately RMB3,940.0 million. Please refer to the section headed “Business — Project financing” in this prospectus for further details.

Our gearing ratio was approximately 1.90, 3.67, 3.06 and 4.40 as at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively, while the high gearing ratio as at 31 August 2015 was primarily due to (i) the increase in our project financing for our property development projects; and (ii) the decrease in our total equity mainly resulting from a decrease in other reserve of approximately RMB696.5 million arising from the acquisition of certain of our subsidiaries upon Reorganisation for the eight months ended 31 August 2015. Please refer to the section headed “Risk factors — Risks relating to our business — We maintain a substantial level of indebtedness during the Track Record Period which may affect our business, financial condition, results of operations and prospects” in this prospectus for further information.

### KEY OPERATING STATISTICS

#### Portfolio of our property development projects

The table below sets out a summary of our portfolio of property development projects as at 30 November 2015.

Project	Location	Site area <sup>(1)</sup> (sq.m.)	Completed GFA <sup>(2)</sup> (sq.m.)	COMPLETED			UNDER DEVELOPMENT			FUTURE DEVELOPMENT
				Saleable/Rentable GFA <sup>(3)</sup> (sq.m.)	Saleable GFA remaining unsold <sup>(4)</sup> (sq.m.)	Rentable GFA held for property investment (sq.m.)	GFA under development <sup>(2)</sup> (sq.m.)	Saleable/Rentable GFA <sup>(3)</sup> (sq.m.)	Saleable GFA pre-sold <sup>(5)</sup> (sq.m.)	Planned GFA <sup>(2)</sup> (sq.m.)
Zijin Mansion 紫金華府	Nanjing	339,007.6	—	—	—	—	502,067.7	334,561.0	148,498.4	—
Yangzhou Park Number One 揚州公園一號	Yangzhou	75,590.9	148,894.1	118,280.6	—	720.8	—	—	—	—
Jiayuan Centurial Villa 世紀豪園	Yangzhou	391,087.6	236,311.2	218,187.0	28,095.5	—	—	—	—	—
Jiayuan Centurial Garden 世紀花園	Yangzhou	234,671.3	392,133.8	352,150.3	151.8	8,652.8	—	—	—	—
Jiayuan Centurial Scenery Park 世紀景園	Yangzhou	60,972.3	119,978.2	98,735.0	—	915.2	—	—	—	—
Venice Metropolis 威尼斯城	Taixing	660,576.0	222,562.3	173,817.9	2,388.6	—	432,611.4	372,783.2	35,866.0	1,023,259.0
Qiangxi Garden 羌溪花苑	Taixing	69,486.0	83,165.6	32,578.1	5,779.0	—	—	—	—	—
Oriental Bright City 東方不夜城	Taizhou	77,021.4	310,627.4	255,892.3	18,313.4	34,374.1	—	—	—	—
Oriental Paris City 東方巴黎城	Taizhou	226,402.2	274,747.8	227,332.3	1,453.5	—	36,086.6	27,364.6	4,563.8	214,999.4
Quexiandao Number One 鵲仙島一號	Taizhou	68,330.4	37,772.4	27,922.2	9,795.4	10,027.7	—	—	—	—
Elite International Garden 名人國際花園	Suqian	53,970.0	218,046.3	175,491.0	861.9	—	—	—	—	—
Suqian Park Number One 宿遷公園一號	Suqian	126,182.9	226,348.8	154,353.1	8,798.5	—	146,609.0	123,454.5	89,241.1	22,257.9
Paris Metropolis 巴黎都市	Siyang	173,000.0	16,089.5	9,274.8	—	—	117,115.8	112,500.1	56,968.0	523,880.0
Rome Metropolis 羅馬都市	Siyang	170,540.0	189,961.3	165,423.7	24,911.1	50,011.0	126,339.8	115,179.8	41,497.0	194,689.4
Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	Changzhou	58,601.0	—	—	—	—	187,915.0	153,816.0	58,258.6	—
Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	Taixing	123,939.6	67,664.8	66,515.3	7,390.8	47,567.2	118,593.9	87,039.9	53,612.3	156,160.6
Jiayuan New World 新天地	Taixing	121,316.0	60,333.7	47,878.7	5,465.2	20,266.1	331,234.7	235,448.7	813.6	—
Guxi Jiayuan Central Plaza 古溪佳源中心廣場	Taixing	83,048.0	—	—	—	—	—	—	—	143,458.3
Taizhou Jiayuan Central Plaza 泰州佳源中心廣場	Taizhou	15,702.2	—	—	—	—	—	—	—	15,702.2

*Notes:*

- (1) Information for “Site area” is based on relevant land use rights certificates or land grant contracts (as the case may be).
- (2) “Completed GFA” of completed projects is based on relevant surveying reports or completion certificates (as the case may be). “GFA under development” of projects under development is based on relevant construction work planning permits. “Planned GFA” of projects for future development is based on relevant construction work planning permits, land use right certificates or land grant contracts and our internal records and estimates (as the case may be).
- (3) “Saleable/Rentable GFA” of completed projects is based on relevant surveying reports or completion certificates (as the case may be). “Saleable/Rentable GFA” of projects under development is based on relevant pre-sale permits or relevant construction work planning permits (as the case may be).
- (4) “Saleable GFA remaining unsold” refers to saleable GFA unsold and saleable GFA sold or pre-sold but not yet delivered to purchasers.
- (5) “Saleable GFA pre-sold” is based on relevant executed pre-sale contracts.

## SUMMARY

### Land reserves

The table below sets out a summary of our land reserves by geographical location as at 30 November 2015:

	Completed		Under development	Future development		Total land reserves		Percentage of total land bank by geographical location (%)
	Saleable GFA remaining unsold (sq.m.)	Rentable GFA held for property investment (sq.m.)	GFA under development (sq.m.)	Planned GFA (sq.m.)	GFA without land use rights certificate (sq.m.)	Total GFA (sq.m.)	Total GFA (sq.m.)	
Nanjing	—	—	502,067.7	—	—	—	502,067.7	11.0
Yangzhou	28,247.3	10,288.8	—	—	—	—	38,536.1	0.8
Changzhou	—	—	187,915.0	—	—	—	187,915.0	4.1
Taixing	21,023.6	67,833.3	882,440.0	1,322,877.9	143,458.3	2,294,174.8	2,294,174.8	50.1
Taizhou (other than Taixing)	29,562.3	44,401.8	36,086.6	230,701.6	15,702.2	340,752.3	340,752.3	7.4
Siyang	24,911.1	50,011.0	243,455.6	718,569.4	22,933.3	1,036,947.1	1,036,947.1	22.7
Suqian (other than Siyang)	9,660.4	—	146,609.0	22,257.9	—	178,527.3	178,527.3	3.9
<b>Total</b>	<b>113,404.7</b>	<b>172,534.9</b>	<b>1,998,573.9</b>	<b>2,294,406.8</b>	<b>182,093.8</b>	<b>4,578,920.3</b>	<b>4,578,920.3</b>	<b>100</b>

*Note:* Save for property development projects under the development by Suqian Jia Yuan, we own 100% interest in our property development projects. Please refer to the section headed “Business — Details of our property development projects” in this prospectus for further details.

### Contracted sales

The table below sets out a summary of our total contracted sales for the periods indicated:

	Year ended 31 December			Eight months ended 31 August 2015
	2012	2013	2014	
Contracted sales (RMB million)	1,339.9	1,963.7	2,323.9	2,412.3
Contracted GFA (sq.m.)	250,174.7	303,765.7	303,658.1	245,338.0
Contracted ASP (RMB per sq.m.)	5,355.9	6,464.5	7,653.0	9,832.6

Our contracted ASP increased from RMB5,355.9 per sq.m. in 2012 to RMB6,464.5 per sq.m. in 2013, representing an increase of 20.7%, due to the commencement of pre-sale of Qiangxi Garden (羌溪花苑) in 2013 and Jiayuan New World (新天地) in late 2012 with relatively high contracted ASP of RMB12,274.4 per sq.m. and RMB15,682.7 per sq.m. respectively, which together accounted for 27.6% of the total contracted sales of 2013. Our contracted ASP subsequently increased to RMB7,653.0 per sq.m. in 2014, representing an increase of 18.4%, due to commencement of pre-sale of Zijin Mansion (紫金华府) in 2014 with a relatively high contracted ASP of RMB20,109.6 per sq.m., which accounted for 34.2% of the total contracted sales of 2014. Our contracted ASP further increased to RMB9,832.6 per sq.m. in 2015, representing an increase of 28.5%, due to a further increase in contracted ASP of Zijin Mansion (紫金华府) in 2015 to RMB20,885.9 per sq.m., which accounted for 62.4% of the total contracted sales of the eight months ended 31 August 2015.

Revenue from sale of properties is recognised upon delivery of our properties to our customers, which generally takes place within two years from the date of the relevant sales contract.

As at 31 August 2015, the amount of contracted but not recognised property sales was approximately RMB4,016.3 million, out of which approximately RMB643.1 million, RMB2,595.2 million and RMB778.0 million will be recognised for the four months ended 31 December 2015, the years ending 31 December 2016 and 2017, respectively.

### SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The table below sets out a summary of our consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015 respectively. The summary of our consolidated statements of profit or loss and other comprehensive income is derived from, and should be read in conjunction with, the accountants’ report set forth in Appendix I to this prospectus, which was prepared in accordance with HKFRS.

## SUMMARY

### Selected consolidated statements of profit or loss and other comprehensive income items

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
<b>Continuing operations</b>					
Revenue	2,094,856	2,544,619	2,318,266	1,243,345	991,005
Cost of sales	(1,796,679)	(2,042,775)	(1,886,302)	(1,090,271)	(750,585)
Gross profit	298,177	501,844	431,964	153,074	240,420
Profit before taxation	252,414	508,283	376,860	118,329	309,968
Profit for the year/period	135,893	311,681	192,728	52,431	182,882
<b>Discontinued operations</b>					
Profit (loss) for the year/period from discontinued operations	52,903	(67,969)	(29,743)	(8,606)	(23,345)
Profit and total comprehensive income for the year/period	<u>188,796</u>	<u>243,712</u>	<u>162,985</u>	<u>43,825</u>	<u>159,537</u>
Profit and total comprehensive income (expense) for the year/period attributable to:					
Owners of our Company					
— from continuing operations	132,325	296,575	192,493	52,241	177,921
— from discontinued operations	42,821	(36,823)	(21,538)	(4,376)	(17,826)
	<u>175,146</u>	<u>259,752</u>	<u>170,955</u>	<u>47,865</u>	<u>160,095</u>
Non-controlling interests					
— from continuing operations	3,568	15,106	235	190	4,961
— from discontinued operations	10,082	(31,146)	(8,205)	(4,230)	(5,519)
	<u>13,650</u>	<u>(16,040)</u>	<u>(7,970)</u>	<u>(4,040)</u>	<u>(558)</u>
Profit for the year/period from continuing operations	135,893	311,681	192,728	52,431	182,882
Less: Change in fair value of investment properties	(6,039)	(126,426)	(97,113)	(89,086)	(162,574)
Add: Fair value gains attributable to disposal of investment properties <sup>(Note 1)</sup>	2,589	2,589	1,553	1,035	136,540
Less: Change in fair value upon transfer from inventory properties to investment properties	(17,873)	(2,299)	(81,127)	(4,784)	(101,338)
Adjusted profit (loss) after exclusion of fair value gains on investment properties and change in fair value upon transfer from inventory properties to investment properties for the year/period <sup>(Note 2)</sup>	114,570	185,545	16,041	(40,404)	55,510
Relevant deferred taxes	5,331	31,534	44,172	23,209	31,843
Adjusted profit (loss) after exclusion of fair value gains and corresponding deferred tax adjustments for the year/period <sup>(Note 3)</sup>	<u>119,901</u>	<u>217,079</u>	<u>60,213</u>	<u>(17,195)</u>	<u>87,353</u>

*Notes:*

1. Fair value gains attributable to disposal of investment properties represented the fair value gains recorded in the corresponding year/period which were realised for the investment properties disposed during the eight months ended 31 August 2015.
2. Adjusted profit (loss) after exclusion of fair value gains on investment properties and change in fair value upon transfer from inventory properties to investment properties for the year/period excluded the impact of change in fair value of investment properties (excluding fair value gains attributable to disposal of investment properties calculated in accordance with note 1) and change in fair value upon transfer from inventory properties to investment properties.
3. Adjusted profit (loss) after exclusion of fair value gains and corresponding deferred tax adjustments for the year/period excluded the impact of change in fair value of investment properties (excluding fair value gains attributable to disposal of investment properties calculated in accordance with note 1) and change in fair value upon transfer from inventory properties to investment properties.

Our revenue during the Track Record Period was mainly affected by variation in the amount of GFA sold and delivered and the average selling price of our properties. Our decrease in revenue from approximately RMB2,544.6 million in 2013 to approximately RMB2,318.3 million in 2014 was primarily due to a decrease in GFA of our properties sold and delivered mainly as a result of our development



## SUMMARY

schedule. Please refer to the section headed “Financial information — Discussion of results of operations — Year ended 31 December 2014 compared to year ended 31 December 2013 — Revenue” in this prospectus for further details.

### Discontinued operations

Pursuant to the Reorganisation, our Group disposed of certain subsidiaries which then became companies of the Private Group. The principal activities of these subsidiaries included property investment, construction management, property development and investment. These companies were not involved in our Group’s property business in the target cities and were disposed of to clearly delineate our business from that of the Private Group. Please refer to notes 31 and 32 of the accountants’ report set out in Appendix I to this prospectus for financial information on these discontinued operations.

### Selected consolidated statements of financial position items

	As at 31 December			As at
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Assets</b>				
Non-current assets	<u>1,062,937</u>	<u>1,479,636</u>	<u>1,746,060</u>	<u>1,628,221</u>
Current assets	<u>6,811,076</u>	<u>10,037,001</u>	<u>10,917,093</u>	<u>11,040,236</u>
<b>Liabilities</b>				
Current liabilities	<u>5,129,143</u>	<u>7,716,202</u>	<u>8,346,383</u>	<u>8,109,375</u>
Non-current liabilities	<u>1,592,412</u>	<u>2,264,629</u>	<u>2,514,440</u>	<u>3,307,358</u>
<b>Total equity</b>	<u>1,152,458</u>	<u>1,535,806</u>	<u>1,802,330</u>	<u>1,251,724</u>

### Selected consolidated statements of cash flows items

	For the year ended 31 December			For the eight months	
	2012	2013	2014	ended 31 August	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Net cash (used in) from operating activities	(269,810)	(2,183,787)	811,694	(51,985)	1,003,627
Net cash used in investing activities	(635,904)	(893,917)	(192,121)	(108,348)	(360,810)
Net cash from (used in) financing activities	<u>898,837</u>	<u>3,152,454</u>	<u>(746,098)</u>	<u>47,969</u>	<u>(623,425)</u>
Net (decrease) increase in cash and cash equivalents	(6,877)	74,750	(126,525)	(112,364)	19,392
Cash and cash equivalents at the beginning of the year/period	<u>88,967</u>	<u>82,090</u>	<u>156,840</u>	<u>156,840</u>	<u>30,315</u>
Cash and cash equivalents at the end of the year/period	<u>82,090</u>	<u>156,840</u>	<u>30,315</u>	<u>44,476</u>	<u>49,707</u>

Please refer to the section headed “Financial information — Cash flows” in this prospectus for further details.

### Key financial ratios

	As at/For the year ended 31 December			As at/For
	2012	2013	2014	the eight months ended 31 August 2015
Current ratio <sup>(Note 1)</sup>	1.33	1.30	1.31	1.36
Gearing ratio <sup>(Note 2)</sup>	1.90	3.67	3.06	4.40
Debt-to-equity ratio <sup>(Note 3)</sup>	1.83	3.57	3.04	4.36
Return on equity <sup>(Note 4)</sup>	11.8%	20.3%	10.7%	N/A
Net profit margin <sup>(Note 5)</sup>	6.5%	12.2%	8.3%	18.5%

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## SUMMARY

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*Notes:*

- (1) Current ratio is calculated by dividing the total current assets at the end of the year/period by the total current liabilities at the end of the year/period.
- (2) Gearing ratio is calculated by dividing total debt at the end of the year/period by total equity at the end of the year/period. Total debt represents the sum of bank and other borrowings and amounts due to related parties.
- (3) Debt-to-equity ratio is calculated by dividing the total net debt at the end of the year/period by the total equity at the end of the year/period. Net debt represents total debt net of cash and cash equivalents.
- (4) Return on equity is calculated by dividing net profit from continuing operations for the year by the total equity at the end of the year, and multiplying the result by 100%.
- (5) Net profit margin is calculated by dividing our net profit after taxes from continuing operations for the year/period by revenue for the same year/period, and multiplying the result by 100%.

### CONTINGENT LIABILITIES

Our contingent liabilities primarily represented guarantees we provided to banks in respect of the mortgage bank loans granted to purchasers for purchases of our properties. Pursuant to the terms of the guarantees, in the case of a default on the mortgage payments by the purchasers, we are responsible for repaying the outstanding mortgage loans together with any accrued interest and penalties owed by the defaulting purchasers to the banks. Such guarantee will terminate and cease to be effective upon our customer obtaining the relevant building ownership certificate for the relevant property and completion of the relevant mortgage registration. The period of our guarantee provided to the relevant banks varies on a case-by-case basis subject to, among other things, the time at which our customers obtain the relevant mortgage loans. Since (i) the delivery of properties to our customers generally takes place within two years from the date of the relevant sales contract; and (ii) it is our policy to assist our customers to obtain the relevant building ownership certificates within six months from, among other things, the date of delivery of the relevant properties, the duration of our guarantee is generally within two and a half years from the date of the relevant sales contract.

Our total contingent liabilities as at 31 December 2012, 2013 and 2014 and 31 August 2015 amounted to approximately RMB863.6 million, RMB1,414.7 million, RMB1,769.9 million and RMB1,848.2 million, respectively.

Please refer to the section headed “Risk factors — Risks relating to our business — We provide guarantees for mortgage loans of our customers and may become liable to mortgage banks if our customers default on their mortgage loans” in this prospectus for further information.

### RECENT DEVELOPMENT

Our business operations have remained stable after the Track Record Period. We did not experience any significant drop in revenue or sharp increase in our cost of sales up to 30 November 2015 as there were no material changes to our general business model and economic environment. Our monthly contracted GFA decreased from an average of approximately 30,667.3 sq.m. for the eight months ended 31 August 2015 to approximately 30,236.1 sq.m. for the 11 months ended 30 November 2015. Our contracted sales for the eight months ended 31 August 2015 and the 11 months ended 30 November 2015 amounted to approximately RMB2,412.3 million and RMB3,266.7 million respectively.

On 24 September 2015, PBOC and CBRC jointly issued *the Notice of the People’s Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy* (《中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知》), which provides that in cities where “property purchase control measures” are not implemented, the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25%. As some of our property development projects are located in cities where there is no property purchase control measure, we believe that the aforementioned reduction in the minimum down payment ratio may encourage demand for our residential properties by first home buyers in those cities and have a favourable effect on our business, results of operations and financial condition.

On 1 February 2016, PBOC and CBRC jointly issued *the Circular of the People’s Bank of China and China Banking Regulatory Commission on Issues concerning Adjusting the Individual Housing Loan Policies* (《中國人民銀行、中國銀行業監督管理委員會關於調整個人住房貸款政策有關問題的通知》). The Circular specifies that, in principle, in the cities where property purchase control measures are not implemented, the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of its first ordinary residential property shall be 25% of the purchase price, however local authorities have been allowed to adjust such down payment ratio to 20%.

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## SUMMARY

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Meanwhile, with respect to a household that already owns a residential property with unsettled personal housing commercial loan and applies for another personal housing commercial loan to purchase another ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio for that purchase shall be at least 30% of the corresponding purchase price. As advised by the PRC Legal Adviser, the original legal position is that a home buyer can only enjoy the down payment ratio for purchasing a second residential property at the rate of 30% of the purchase price if the first personal housing commercial loan has been fully repaid. Accordingly, we believe that a further downward adjustment of down payment ratio for home purchase by first home buyers and the relaxation of the relevant rules for down payment ratio for home purchase by second home buyers may encourage demand for our residential properties, which will have a favourable effect on our business, results of operations and financial condition.

In January and February 2016, the relevant PRC Government authorities promulgated two regulations which are relevant to our operations. In particular, the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》), which took effect on 1 January 2016, authorises the real estate registration authority to perform site inspection following an acceptance of the application for real estate registration and sets out regulations regarding real estate registration information management. Further, the Provisions on Releasing Real Estate Advertisements (《房地產廣告發佈規定》), which took effect on 1 February 2016, stipulates that a real estate advertisement shall not contain any information relating to the geomancy, divination or other superstitious information. We do not consider that the introduction of these regulations will have a material adverse impact on our operation.

For further details of the above policies and regulations, please refer to the section headed “Regulatory overview” in this prospectus.

### STATISTICS OF THE GLOBAL OFFERING <sup>(Note 1)</sup>

	Based on Offer Price of HK\$1.49	Based on Offer Price of HK\$2.48
Market capitalisation of our Shares <sup>(Note 2)</sup> .....	HK\$2,682.0 million	HK\$4,464.0 million
Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share <sup>(Note 3)</sup> .....	HK\$1.17	HK\$1.41

#### Notes:

- (1) The Shares being offered in the Global Offering will rank *pari passu* with all Shares in issue or to be issued and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus. All statistics in this table take no account of any Shares which may be issued upon the exercise of the Over-allotment Options and the options which may be granted under the Share Option Scheme.
- (2) The calculation of market capitalisation is based on 1,800,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of our Group per Share is calculated after making the adjustments referred to “Unaudited pro forma financial information” set out in Appendix II to this prospectus and based on 1,800,000,000 Shares expected to be in issue immediately upon completion of the Capitalisation Issue and the Global Offering at the respective Offer Price of HK\$1.49 and HK\$2.48 per Share.

### DIVIDEND

A dividend of RMB22.0 million was paid to the then existing equity holders of one of our subsidiaries for the year ended 31 December 2013. No dividend was paid or proposed by our Group for the years ended 31 December 2012 and 2014 and the eight months ended 31 August 2015. Our Company currently does not have a fixed dividend policy.

If our Directors decide to declare dividends in the future, the amount of any dividends to be declared will be subject to the discretion of our Directors and depends on, among others, our Group’s results of operations, available cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on HKFRS, the Articles of Association, the Cayman Companies Law, applicable laws and regulations, legal and contractual restrictions, and any other factors that our Directors deem relevant. Our Shareholders will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. In addition, the declaration and payment of dividends may also be limited by legal restrictions and any agreements or contracts that our Company may enter into in the future. Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in the PRC, which in turn, is subject to PRC legal requirements, which differ in many aspects from the requirements and accounting principles in other jurisdictions, including HKFRS. For further details, please refer to section headed “Financial information — Dividend and distributable reserves” in this prospectus.

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## SUMMARY

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### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, since 31 August 2015 and up to the date of this prospectus, there had been no material adverse change in our financial, operational or trading position or prospects, and there had been no event that would materially affect the information presented in the accountants' report set out in Appendix I to this prospectus.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$1.99 (being the mid-point of the indicative Offer Price range of HK\$1.49 to HK\$2.48) and that the Over-allotment Option is not exercised, the net proceeds from the Global Offering, after deducting the underwriting fees and estimated expenses payable by us in connection with the Global Offering, are estimated to be approximately HK\$834.9 million. Our Directors presently intend to apply the net proceeds as follows:

- (i) up to 60%, or approximately HK\$500.9 million, of the net proceeds is expected to be used as the construction costs for the development of our existing property development projects, namely Zijin Mansion and Jiayuan New World. For further details of Zijin Mansion and Jiayuan New World, please refer to the section headed "Business — Details of our property development projects" in this prospectus;
- (ii) up to 30%, or approximately HK\$250.5 million, of the net proceeds is expected to be used as the land acquisition and construction costs of our potential property development projects and acquisition of land reserves by seeking and acquiring land parcels in cities in which we are currently operating and plan to expand. Our Directors confirm that, as at the Latest Practicable Date, we had not identified any specific projects or lands for acquisition;
- (iii) up to 10%, or approximately HK\$83.5 million, of the net proceeds is expected to be used for general working capital purposes.

For further details, please refer to the section headed "Future plans and use of proceeds" in this prospectus.

### SUMMARY OF MATERIAL RISK FACTORS

We believe that there are certain risks involved in our operations. Many of these risks are beyond our control and can be categorised into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to conducting business in the PRC; and (iv) risks relating to the Global Offering and our Shares. The most significant risks are summarised as follows:

- Our business and revenue growth is dependent on favourable economic conditions in the PRC, particularly the performance of the property market in cities where we develop our property development projects.
- We maintain a substantial level of indebtedness during the Track Record Period which may affect our business, financial condition, results of operations and prospects.
- We may not be able to acquire suitable land for future development at reasonable prices or at all.
- We may not be able to obtain land use rights of parcels of land pursuant to certain agreements or memoranda of understanding which we have entered into.
- We rely on our external construction contractors for all of our construction works. In addition, we may not be able to find sufficient high-quality external construction contractors if we expand into other geographical locations.

These risks are not the only significant risks that may affect the value of the Shares. Please refer to the section headed "Risk factors" in this prospectus for more details.

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## SUMMARY

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### SUMMARY OF NON-COMPLIANCE INCIDENTS

During the Track Record Period, we did not comply with certain applicable laws and regulations. These non-compliance incidents include (i) commencement of construction works prior to obtaining construction works commencement permit; (ii) tax non-compliance; (iii) deviation from construction works planning permit; (iv) failure to make adequate social security insurance and housing provident fund contributions; and (v) inter-company loans.

Please refer to the section headed “Business — Non-compliance” in this prospectus for further details of these non-compliance incidents. We have strengthened our internal control and have implemented enhanced internal control policies and measures in order to avoid occurrence of non-compliance incidents in the future.

### LISTING EXPENSES

The estimated total listing expenses to be borne by our Group, which is non-recurring in nature, is approximately RMB50.7 million (including the underwriting commission assuming an Offer Price of HK\$1.99 per Offer Share, being the mid-point of the indicative Offer Price range), of which approximately RMB28.5 million is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately RMB22.2 million is expected to be charged to our consolidated statement of profit or loss and other comprehensive income. Approximately RMB12.1 million of the listing expenses was charged as other expenses to our consolidated statement of profit or loss and other comprehensive income for the eight months ended 31 August 2015. Out of the remaining amount of approximately RMB10.1 million, RMB3.5 million and RMB6.6 million are expected to be charged to our consolidated statement of profit or loss and other comprehensive income for the remaining period of the year ended 31 December 2015 and the year ending 31 December 2016, respectively. Please refer to the section headed “Financial information — Listing expenses” in this prospectus for further details.

### OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised), Mingyuan Investment will hold approximately 75% of the issued share capital of our Company. Mingyuan Investment is wholly-owned by Mr. Shum, our Chairman and non-executive Director. Accordingly, Mingyuan Investment and Mr. Shum will be our Controlling Shareholders after the Global Offering.

Apart from our Group, our Controlling Shareholders and their respective associates currently have interests in the Private Group which are principally engaged in development and investment in residential and commercial property projects in certain cities in the PRC in which we do not have operations. These projects were excluded from our Group because (i) our Directors believe these excluded projects are less mature and located in cities with relatively volatile economic conditions; (ii) some of the excluded projects are already completed and substantially sold and it is not our strategy to acquire developed properties; (iii) some of the excluded projects require long term investment and heavy capital expenditure; and (iv) our Directors consider such exclusion would achieve clear geographical delineation between our Group and the Private Group. To ensure a clear delineation of the property businesses of our Group and the Private Group and minimise any potential competition arising therefrom, each of the Controlling Shareholders will enter into the Deed of Non-competition in favour our Company, among other things, in respect of the property development projects in the Target Cities and grant to us certain rights including the Option and the Right of First Refusal (each as defined in the section headed “Relationship with the Controlling Shareholders” in this prospectus). In consideration of the aforementioned, our Company will give certain non-competition undertaking in favour the Controlling Shareholders, among other things, in respect of the property development projects in the Non-Target Cities under the Deed of Non-competition. Please refer to the section headed “Relationship with the Controlling Shareholders” in this prospectus for more details.

### PROPERTY VALUATION REPORT

In connection with its valuation, the Property Valuer adopted the direct comparison approach based on comparison and reference to comparable sales transactions as available in the relevant market for



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## SUMMARY

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property interests held for sale, held for future development, held for occupation and held under development (after considering accrued construction costs and professional fees relevant to the stage of construction as at the date of valuation). For property interests held for investment, the Property Valuer adopted the income capitalisation approach by capitalisation of rental income derived from existing leases with due allowance for the reversionary income potential of such leases or with reference to comparable market information. The market value is considerably reliant on the reversionary potential of the property which is derived by capitalising the market rent at an appropriate reversionary capitalisation rate upon expiry of existing leases. In assessing the value of property interests held for investment, the Property Valuer considered rental evidence or asking rent of similar commercial development in the locality and assumed a market yield of 3-4% which is considered to be in line with the market yield of the relevant property sector in the region. In conducting its valuation, the Property Valuer assumed, among other things, that properties which are incomplete will be developed and completed in accordance with the latest development proposal provided to the Property Valuer; and that a seller sells the property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interest. The Property Valuer also placed considerable reliance on the advice given by the PRC Legal Adviser concerning the validity of the property interests in the PRC. Investors are advised that the appraised value of our property interests shall not be taken as their actual realisable value or a forecast of their realisable value. Please refer to the section headed “Risk factors — Risks relating to our business — The appraisal value of our properties may be different from the actual realisable values and are subject to change” in this prospectus for potential risks in this regard.

### PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2015

Our Directors estimate, on the bases set out in Appendix III to this prospectus, that our estimated consolidated profit attributable to owners of our Company and unaudited pro forma estimated earnings per Share for the year ended 31 December 2015 as follows:

Estimated consolidated profit attributable to owners of our Company	
— from continuing and discontinued operations .....	not less than RMB272 million
— from continuing operations.....	not less than RMB290 million
Unaudited pro forma estimated earnings per Share	
— from continuing and discontinued operations .....	not less than RMB0.15
— from continuing operations.....	not less than RMB0.16

The estimated amounts of change in fair value of investment properties and change in fair value upon transfer from inventory properties to investment properties for the year ended 31 December 2015 are approximately RMB236.9 million and RMB191.1 million, respectively. The estimated fair value gains on investment properties excluding attributable to disposal of investment properties (which equals to estimated amount of change in fair value of investment properties excluding the fair value gains attributable to disposal of investment properties) for the year ended 31 December 2015 is approximately RMB100.3 million.

The profit estimate, for which our Directors are solely responsible, has been prepared by them based on (i) the audited consolidated results of our Group for the eight months ended 31 August 2015 in the accountants’ report as set out in Appendix I to this prospectus; and (ii) the unaudited consolidated results based on the management accounts of our Group for the remaining four months ended 31 December 2015.

The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2015 and on the assumptions that our Company has been listed since 1 January 2015 and that a total number of 1,800,000,000 Shares were in issue throughout the year ended 31 December 2015, without taking into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued upon exercise of the Over-allotment Option. The estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2015 has not taken into account any interest income that would have been earned if the proceeds from the Global Offering had been received by our Company on 1 January 2015.

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## DEFINITIONS

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

“Application Form(s)”	White Application Form(s), Yellow Application Form(s) and Green Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
“Articles of Association” or “Articles”	the second amended and restated articles of association of our Company conditionally adopted on 12 February 2016 which will take effect on the Listing Date, as amended, supplemented or otherwise modified from time to time
“associate”	has the meaning ascribed thereto under the Listing Rules
“average selling price” or “ASP”	average selling price
“Board”	the 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” or “business day”	a day which is not a Saturday, a Sunday or a public holiday in Hong Kong and on which banks in Hong Kong are generally open for business
“BVI”	British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the issue of Shares to be made upon capitalisation of part of the reserve accounts of our Company upon completion of the Global Offering referred to in the section headed “Statutory and general information — Information about our Company — 3. Resolutions in writing of the sole Shareholder passed on 12 February 2016” in Appendix VI to this prospectus
“Cayman Companies Law”	the Companies Law (2013 Revision) 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

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## DEFINITIONS

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“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CCBI” or “Sponsor” or “Sole Sponsor” or “Sole Global Coordinator”	CCB International Capital Limited, a licenced corporation under the SFO permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
“Changzhou Jinyuan”	Changzhou Jinyuan Property Development Co., Ltd.* (常州金源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 7 August 2013 and an indirect wholly-owned subsidiary of our Company
“Changzhou Tian Yu”	Changzhou Tian Yu Property Development Co., Ltd.* (常州天宇房地產開發有限公司), a company established under the laws of the PRC with limited liability on 3 March 2010, which was owned as to 30%, 20%, 12% and 38% by Huang Fuqing (黃福清) (an executive Director), Qiu Xiangming (邱祥明) (a member of our senior management), Su Chunyun (蘇春筠) (an Independent Third Party) and Changzhou Xintou Commercial Trading Co., Ltd.* (常州新投商貿有限公司) (an Independent Third Party), respectively as at the Latest Practicable Date
“Chengdu Fundland”	Chengdu Fundland Sports Development Co., Ltd.* (成都銀田體育發展有限公司), a company established under the laws of the PRC with limited liability on 12 November 2009, which was ultimately owned by Mr. Shum as to 80% and by an Independent Third Party as to 20% as at the Latest Practicable Date
“commodity residential properties”	residential properties developed by a property developer for sale
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”, “we” or “us”	Jiayuan International Group Limited (佳源國際控股有限公司), formerly known as Jiayuan International Holdings Limited (佳源國際控股有限公司), an exempted company incorporated under the Laws of the Cayman Islands with limited liability on 5 May 2015

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## DEFINITIONS

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“completion certificate”	construction works completion inspection acceptance certificate/record issued by local urban construction bureaux or competent authorities in the PRC with respect to completion of property projects (竣工驗收備案)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“construction land planning permit”	construction land planning permit issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設用地規劃許可證)
“construction works commencement permit”	construction works 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 works planning permit issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設工程規劃許可證)
“Controlling Shareholder(s)” or “controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules, being Mr. Shum and Mingyuan Investment
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Indemnity”	a deed of indemnity dated 12 February 2016 and entered into by our Controlling Shareholders as indemnifiers with and in favor of our Company (for itself and as trustee for the benefit of each of its present subsidiaries) in respect of, among other things, certain indemnities regarding taxation (as referred to therein)
“Deed of Non-competition”	a deed of non-competition dated 12 February 2016 and entered into by our Controlling Shareholders with and in favour of our Company (for itself and on behalf of its subsidiaries), details of which are disclosed in the section headed “Relationship with the Controlling Shareholders — Delineation between our Group and the Private Group — Further measures to minimise potential competition between our Group and the Private Group — Non-competition undertakings by the Controlling Shareholders” in this prospectus
“Director(s)”	director(s) of our Company
“EPS”	earnings per Share
“FIREE(s)”	Foreign-Invested Real Estate Enterprise(s)

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## DEFINITIONS

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“Fundland Development”	Fundland Development Limited (銀田發展有限公司), a company incorporated under the laws of Hong Kong with limited liability on 3 August 2009, which was ultimately owned by Mr. Shum as to 80% and by an Independent Third Party as to 20% as at the Latest Practicable Date
“GDP”	gross domestic product
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Placing
“Green Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group” or “our Group” or “we” or “us”	our Company and its subsidiaries at the relevant time 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) its predecessor
“Guo Xiang”	Guo Xiang Property Co., Limited (國祥房地產有限公司), formerly known as Capital Square Trading Limited (祥譽貿易有限公司), a company incorporated under the laws of Hong Kong with limited liability on 1 August 2003 and an indirect wholly-owned subsidiary of our Company
“Haining Jia Yuan”	Haining Jia Yuan Property Development Co., Ltd.* (海寧市佳源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 21 November 2012, which was ultimately owned by Mr. Shum as to 90% and by an Independent Third Party as to 10% as at the Latest Practicable Date
“Haitong International”	Haitong International Securities Company Limited, a licenced corporation under the SFO permitted to carry out type 1 (dealing in securities), type 3 (leveraged foreign exchange trading) and type 4 (advising on securities) regulated activities (as defined under the SFO)
“Haiyan Jia Yuan”	Haiyan Jia Yuan Property Development Co., Ltd.* (海鹽縣佳源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 15 September 2010, which was ultimately owned by Mr. Shum as to 100% as at the Latest Practicable Date
“high end commodity properties”	high end residential properties, commercial properties and other properties developed by a property developer for sale



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## DEFINITIONS

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“HKD” or “HK\$” or “HK dollar(s)”	Hong Kong dollars, the lawful currency of Hong Kong
“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting application online through the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HK eIPO White Form Service Provider”	the HK eIPO White Form service provider designated by our Company as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards, which includes all Hong Kong Financial Reporting Standards, HKAS and interpretations issued by the Hong Kong Institute of Certified Public Accountants
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Hong Kong Jia Yuan”	Hong Kong Jia Yuan Holdings Limited (香港佳源集團有限公司), a company incorporated under the laws of Hong Kong with limited liability on 29 April 2008 and an indirect wholly-owned subsidiary of our Company
“Hong Kong Offer Shares”	the 45,000,000 Shares being initially offered by our Company at the Offer Price pursuant to the Hong Kong Public Offering (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus)
“Hong Kong Public Offering”	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong for cash (subject to adjustment as described in the section headed “Structure of the Global Offering” in this prospectus) at the Offer Price (plus brokerage fee of 1.0%, Stock Exchange trading fee of 0.005%, and SFC transaction levy of 0.0027%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus

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## DEFINITIONS

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“Hong Kong Underwriters”	the underwriters listed in the section headed “Underwriting — Hong Kong Underwriters” in this prospectus, being the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 25 February 2016 relating to the Hong Kong Public Offering and entered into by, among others, the executive Directors, the Controlling Shareholders, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and us
“Independent Third Party(ies)”	a party or parties that is or are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive, substantial shareholders of our Company, our subsidiaries or any of their respective associates
“International Placing”	the conditional placing of the International Placing Shares by the International Underwriters with professional, institutional and individual investors at the Offer Price, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Placing Shares”	the 405,000,000 Shares initially being offered by our Company for subscription under the International Placing together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option
“International Underwriting Agreement”	the international underwriting agreement relating to the International Placing to be entered into on or about 2 March 2016 by, among others, the executive Directors, the Controlling Shareholders, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the International Underwriters and us
“International Underwriters”	the group of underwriters led by the Sole Global Coordinator, which is expected to enter into the International Underwriting Agreement to underwrite the International Placing
“Jia Yuan Chuangsheng”	Jia Yuan Chuangsheng Holding Group Co., Ltd.* (佳源創盛控股集團有限公司), formerly known as Jiaying Zujia Property Development Co., Ltd.* (嘉興足佳房地產開發有限公司), a company established under the laws of the PRC with limited liability on 18 April 1995, which was directly owned by Mr. Shum as to 100% as at the Latest Practicable Date
“Jia Yuan Hongxiang”	Haining Jia Yuan Hongxiang Property Development Co., Ltd.* (海寧市佳源鴻翔房地產開發有限公司), a company established under the laws of the PRC with limited liability on 30 May 2013, which was ultimately owned by Mr. Shum as to 80% and by an Independent Third Party as to 20% as at the Latest Practicable Date

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“Jia Yuan Property”	Zhejiang Jia Yuan Property Management Co., Ltd.* (浙江佳源物業管理有限公司), formerly known as Yicheng (Zhejiang) Property Management Co., Ltd.* (怡城(浙江)物業管理有限公司), a company established under the laws of the PRC with limited liability on 26 April 2004, which was ultimately owned by Mr. Shum as to 100% as at the Latest Practicable Date
“Jiaxing Jindi”	Jiaxing Jindi Property Development Co., Ltd.* (嘉興市金地房地產置業有限公司), a company established under the laws of the PRC with limited liability on 3 August 2001, which was ultimately owned by Mr. Shum as to 100% as at the Latest Practicable Date
“Jiaxing Jinyuan”	Jiaxing Jinyuan Information Consulting Co., Ltd.* (嘉興市金源信息諮詢有限公司), a company established under the laws of the PRC with limited liability on 2 April 2010, which was ultimately owned by Mr. Shum as to 100% as at the Latest Practicable Date
“Jiayuan Commercial Properties”	Jiayuan Commercial Properties Company Limited (佳源商業地產有限公司), a company incorporated under the laws of the BVI with limited liability on 10 November 2015 and a direct wholly-owned subsidiary of our Company
“Jiayuan Commercial Properties (HK)”	Hong Kong Jiayuan Commercial Properties Limited (香港佳源商業地產有限公司), a company incorporated under the laws of Hong Kong with limited liability on 30 November 2015 and an indirect wholly-owned subsidiary of our Company
“Jiayuan Investment”	Jiayuan Investment Management Limited (佳源投資管理有限公司), a company incorporated under the laws of the BVI with limited liability on 8 May 2015 and a direct wholly-owned subsidiary of our Company
“Jin Jiang Limited”	Jin Jiang Investment Limited (錦江投資管理有限公司), a company incorporated under the laws of Hong Kong with limited liability on 8 November 2013, which was directly owned by Mr. Shum as to 100% as at the Latest Practicable Date
“Jinjiang Investment”	Jin Jiang Investment and Management Co. (錦江投資管理公司), a sole proprietorship of Mr. Shum which commenced business on 8 October 2002
“JLL” or “Property Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“JLL Report”	the industry research report dated 26 February 2016 prepared by JLL
“Joint Bookrunners” or “Joint Lead Managers”	CCBI and Haitong International

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“LAT”	Land Appreciation Tax (土地增值稅) as defined in 《中華人民共和國土地增值稅暫行條例》 (the Provisional Regulations of the PRC on Land Appreciation Tax*) and its implementation rules, as described in the section headed “Regulatory overview” in this prospectus
“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)
“Latest Practicable Date”	17 February 2016, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Listing”	listing of the Shares on the Main Board
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 8 March 2016, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“M&A Provisions”	《關於外國投資者併購境內企業的規定》 (the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors*) which was issued by six PRC ministries and commissions, as effective on 8 September 2006 and revised on 22 June 2009
“Main Board”	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the second amended and restated memorandum of association of our Company adopted on 12 February 2016 with immediate effect, as amended, supplemented or otherwise modified from time to time
“Mingyuan Investment”	Mingyuan Group Investment Limited (明源集團投資有限公司), a company incorporated under the laws of the BVI with limited liability on 4 May 2015, which was wholly owned by Mr. Shum as at the Latest Practicable Date, being one of our Controlling Shareholders
“MOF”	the Ministry of Finance of the PRC (中華人民共和國財政部)

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“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Shum”	Mr. Shum Tin Ching (沈天晴) (also known as Shen Yuxing (沈玉興)), our Chairman, non-executive Director, and one of our Controlling Shareholders
“Nanjing Gangyuan”	Nanjing Gangyuan Investment Consulting Co., Ltd.* (南京港源投資諮詢有限公司), a limited liability company established under the laws of the PRC on 27 May 2015 and an indirect wholly-owned subsidiary of our Company
“Nanjing Jia Feng”	Nanjing Jia Feng Investment Management Company Limited* (南京嘉豐投資管理有限公司), a company established under the laws of the PRC with limited liability on 27 December 2011 and an indirect wholly-owned subsidiary of our Company
“Nanjing Xinhaoning”	Nanjing Xinhaoning Property Development Co., Ltd.* (南京新浩寧房地產開發有限公司), a company established under the laws of the PRC with limited liability on 11 August 2005 and an indirect wholly-owned subsidiary of our Company
“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)
“occupancy rate”	refers to the ratio of leased GFA to rentable GFA held for property investment of a property development project on a given date
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Shares are to be issued pursuant to the Global Offering, to be determined as described in the section headed “Structure of the Global Offering — Pricing of the Global Offering” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by us to the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to the International Underwriting Agreement, to require us to allot and issue up to an aggregate of 67,500,000 additional Shares at the Offer Price solely to cover over-allocation in the International Placing, if any, exercisable at any time from the date of the International Underwriting Agreement until the 30th day from the last day for the lodging of applications under the Hong Kong Public Offering
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC

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“PRC”, “China” or the “People’s Republic of China”	the People’s Republic of China, which for the purposes of this prospectus only (unless otherwise indicated) excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, unless otherwise specified
“PRC Company Law”	《中華人民共和國公司法》(the PRC Company Law*) which was promulgated by the SCNPC on 29 December 1993 and became effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
“PRC Enterprise Income Tax Law”	《中華人民共和國企業所得稅法》(the PRC Enterprise Income Tax Law*) which was promulgated by the SCNPC on 16 March 2007 and became effective on 1 January 2008, as amended, supplemented or otherwise modified from time to time
“PRC GAAP”	the generally accepted accounting principles in the PRC
“PRC Government” or “State”	the central government of the PRC, including all governmental subdivisions (such as provincial, municipal and other regional or local government entities)
“PRC Labour Contract Law”	《中華人民共和國勞動合同法》(the PRC Labour Contract Law*) which was adopted by the SCNPC on 29 June 2007 and became effective on 1 January 2008, as amended, supplemented or otherwise modified from time to time
“PRC Legal Adviser”	Jingtian & Gongcheng (競天公誠律師事務所), our legal adviser as to PRC law
“pre-sale permit”	a pre-sale permit authorising a developer to start the pre-sale of a property under construction (商品房預售許可證)
“Price Determination Agreement”	the agreement to be entered into between us and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date to record and determine the Offer Price
“Price Determination Date”	on or about 2 March 2016 (Hong Kong time) at which time the Offer Price is determined, or such later time as our Company and the Sole Global Coordinator (on behalf of the Underwriters) may agree, but in any event not later than 7 March 2016
“Principal Share Registrar”	Codan Trust Company (Cayman) Limited
“Private Group”	companies controlled by Mr. Shum from time to time (other than members of our Group) which are principally engaged in real estate development
“Regulation S”	Regulation S under the U.S. Securities Act
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC



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## DEFINITIONS

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“Reorganisation”	the reorganisation arrangements undergone by our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Group structure” in this prospectus
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“Saleable GFA”	GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from governmental authorities relating to the project
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SCNPC”	the Standing Committee of the National People’s Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares in the capital of our Company with a nominal value of HK\$0.01 each
“Share Option Scheme”	the share option scheme conditionally adopted by our Shareholder on 12 February 2016, principal terms of which are summarised in the section headed “Statutory and general information — Other information — 14. Share Option Scheme” in Appendix VI to this prospectus
“Shareholder(s)”	holder(s) of Share(s)
“Siyang Fengyuan”	Siyang Fengyuan Property Development Co., Ltd.* (泗陽豐源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 6 March 2012 and an indirect wholly-owned subsidiary of our Company
“sq.km.”	square kilometre
“sq.m.”	square metre
“Stabilising Manager”	CCBI

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## DEFINITIONS

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“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into on or about the Price Determination Date between Mingyuan Investment and the Sole Global Coordinator
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Suqian Jia Yuan”	Suqian Jia Yuan Property Development Co., Ltd.* (宿遷市佳源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 7 August 2009 and an indirect non-wholly owned subsidiary of our Company, which was owned as to 90% by our Group and as to 10% by Shaoyang Guangyuan Property Development Co., Ltd.* (邵陽市廣源房地產開發有限公司), an Independent Third Party, as at the Latest Practicable Date
“Taixing Guangyuan”	Taixing Guangyuan Property Development Co., Ltd.* (泰興市廣源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 17 November 2009 and an indirect wholly-owned subsidiary of our Company
“Taixing Hengyuan”	Taixing Hengyuan Property Development Co., Ltd.* (泰興市恒源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 16 February 2012 and an indirect wholly-owned subsidiary of our Company
“Taixing Mingyuan”	Taixing Mingyuan Property Development Co., Ltd.* (泰興市明源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 25 October 2013 and an indirect wholly-owned subsidiary of our Company
“Taizhou Jia Yuan”	Taizhou Jia Yuan Property Development Co., Ltd.* (泰州市佳源房地產開發有限公司), formerly known as Jiangyan Jia Yuan Property Development Co., Ltd.* (姜堰市佳源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 31 July 2007 and an indirect wholly-owned subsidiary of our Company
“Taizhou Mingyuan”	Taizhou Mingyuan Property Development Co., Ltd.* (泰州市明源房地產開發有限公司), formerly known as Jiangyan Mingyuan Property Development Co., Ltd.* (姜堰市明源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 10 March 2010 and an indirect wholly-owned subsidiary of our Company

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## DEFINITIONS

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“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
“Tongxiang Jia Yuan”	Tongxiang Jia Yuan Property Development Co., Ltd.* (桐鄉市佳源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 17 March 2008, which was ultimately owned by Mr. Shum as to 100% as at the Latest Practicable Date
“Tongxiang Yuanshun”	Tongxiang Yuanshun Venice Hotels Co., Ltd.* (桐鄉元順威尼斯大酒店有限公司), a company established under the laws of the PRC with limited liability on 17 December 2009, which was ultimately owned by Mr. Shum as to 90% and two Independent Third Parties as to 10% as at the Latest Practicable Date
“Track Record Period”	the three financial years of our Company ended 31 December 2012, 2013, 2014 and the eight months ended 31 August 2015, respectively; and the phrase “during the Track Record Period”, followed by a series of figures or percentages, refers to information relating to the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, respectively
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“USD” or “US\$” or “U.S. dollar(s)”	United States dollars, the lawful currency of the United States
“White Application Form(s)”	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicant’s own names
“Yangzhou Guangyuan”	Yangzhou Guangyuan Property Development Co., Ltd.* (揚州廣源房地產開發有限公司), formerly known as Jiangdu Guangyuan Property Development Co., Ltd.* (江都市廣源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 20 June 2003 and an indirect wholly-owned subsidiary of our Company

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## DEFINITIONS

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“Yangzhou Hengyuan”	Yangzhou Hengyuan Property Development Co., Ltd.* (揚州市恒源房地產開發有限公司), formerly known as Jiangdu Hengyuan Property Development Co., Ltd.* (江都市恒源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 1 August 2007 and an indirect wholly-owned subsidiary of our Company
“Yangzhou Mingyuan”	Yangzhou Mingyuan Property Development Co., Ltd.* (揚州明源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 16 January 2008 and an indirect wholly-owned subsidiary of our Company
“Yellow Application Form(s)”	the application form(s) for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
“Zhejiang Guangyuan”	Zhejiang Guangyuan Property Development Co., Ltd.* (浙江廣源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 1 July 1996, which was ultimately owned by Mr. Shum as to 100% as at the Latest Practicable Date
“Zhejiang Jia Yuan Group”	Zhejiang Jia Yuan Property Group Co., Ltd.* (浙江佳源房地產集團有限公司), formerly known as Jiaying Guangyuan Property Development Co., Ltd.* (嘉興市廣源房地產開發有限公司), a company established under the laws of the PRC with limited liability on 29 March 2004, which was ultimately owned by Mr. Shum as to 100% as at the Latest Practicable Date

*The English names of the PRC entities, names of our property development projects, PRC laws or regulations or the PRC governmental authorities mentioned in this prospectus and marked with “\*” are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.*

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

*In this prospectus, unless otherwise stated, certain amounts denominated in RMB have been translated into HK dollars at an exchange rate of HK\$1 = RMB0.8372 for illustration purposes only. Such conversions shall not be construed as representations that amounts in RMB were or may have been converted into HK dollars at such rate or any other exchange rates.*

*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.*

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as “will”, “expect”, “anticipate”, “plan”, “believe”, “may”, “intend”, “ought to”, “continue”, “project”, “should”, “seek”, “potential” and other similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industry which we operate in;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- future developments in the industry which we operate in; and
- general economic trends in China.

The words “will”, “expect”, “anticipate”, “plan”, “believe”, “may”, “intend”, “ought to”, “continue”, “project”, “should”, “seek”, “potential” and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Please refer to the sections headed “Risk factors”, “Business” and “Financial information” in this prospectus for more details.

Should one or more of these risks or uncertainties materialise, or should the underlying assumptions prove to be incorrect, our financial conditions may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information.

In this prospectus, statements of or references to our intentions or those of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

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## RISK FACTORS

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*Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with an investment in our Company before making any investment decision regarding our Company. You should pay particular attention to the fact that our Company was incorporated in the Cayman Islands and a substantial part of our Group's operations are conducted outside Hong Kong and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial conditions or the trading price of our Shares, and could cause you to lose all or part of the value of your investment in the Offer Shares.*

### **RISKS RELATING TO OUR BUSINESS**

**Our business and revenue growth is dependent on favourable economic conditions in the PRC, particularly the performance of the property market in cities where we develop our property development projects**

As of the Latest Practicable Date, we developed and sold properties in Jiangsu Province, the PRC. As a result of government policies and changes in economic conditions, the performance of the property market in cities in which we develop our property development projects fluctuated and varied in the past few years. Please refer to the section headed "Industry overview" in this prospectus for more details.

The PRC property market is affected by many factors, including changes in the social, political, economic and legal environment of the PRC, changes in the PRC Government's fiscal and monetary policies, the lack of a mature and active secondary market for residential properties and the limited availability of mortgage loans to individuals in the PRC. We are also sensitive to changes in the economic condition, consumer confidence, consumer spending and consumer preferences of the urban Chinese population.

In the past few years, due to an increase in demand for residential properties in the PRC, there were concerns that the property market in the PRC was overheated. In response, the PRC Government adopted measures to prevent the overheating of the PRC property market. Such austerity measures may lead to changes in the PRC property market and affect property price level, market demand and supply of properties and our business performance.

We cannot assure you that the property market in the PRC and property prices will maintain growth at past levels or will not decline. Any oversupply of properties, decline in demand for or prices of properties in the PRC, or the economy of the PRC, particularly in cities where we have operations, may have a material adverse effect on our business, results of operations and financial condition.

**We maintain a substantial level of indebtedness during the Track Record Period which may affect our business, financial condition, results of operations and prospects**

We maintain a substantial level of borrowings to finance our operations during the Track Record Period and after the Global Offering, we may continue to have a substantial level of borrowings. As at 31 December 2012, 2013 and 2014 and 31 August 2015, our total outstanding bank and other borrowings amounted to approximately RMB1,984.8 million, RMB4,340.6 million, RMB4,844.1 million and RMB5,267.9 million, respectively. Our gearing ratio, as calculated by dividing our total debt by our total equity, was approximately 1.90, 3.67, 3.06 and 4.40, as at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively.



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## RISK FACTORS

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Our indebtedness could have an adverse effect on us, for example by: (i) increasing our vulnerability to adverse developments in general economic or industry conditions, such as significant increases in interest rates; (ii) limiting our flexibility in the planning for, or responding to, changes in our business or the industry in which we operate; (iii) limiting our ability to raise additional debt or equity capital in the future or increasing the cost of such funding; and (iv) restricting us from making strategic acquisitions or taking advantage of business opportunities.

In addition, we are subject to certain restrictive covenants under the terms of our borrowings, which may restrict or otherwise adversely affect our operations. These covenants may restrict, among other things, our ability to incur additional debt or make guarantees, incur liens, pay dividends or distributions on our or our subsidiaries' capital stock, repurchase our or our subsidiaries' capital stock, prepay certain indebtedness, repay shareholders' loans, reduce our registered capital, sell, transfer, lease or otherwise dispose of property or assets, make investments and engage in mergers, consolidation or other change-in-control transactions. In addition, some of the loans may have restrictive covenants linked to our financial performance, such as maintaining a prescribed maximum debt-asset ratio or minimum profitability levels during the term of the loans.

In the future, we may incur additional indebtedness to complete our projects under development and projects held for future development and to acquire land resources, which could intensify the risks we face as a result of our indebtedness.

Our ability to generate sufficient cash to satisfy our outstanding and future debt obligations will depend upon our future operating performance, which will be affected by the then prevailing economic conditions and financial, business and other factors, many of which are beyond our control. If we are unable to fulfill our repayment obligations under our borrowings, or are otherwise unable to comply with the restrictions and covenants in our current or future loan and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the lenders may accelerate the repayment of outstanding debt or, with respect to secured borrowings, enforce the security interest securing the loan. Any cross-default and acceleration clause may also be triggered as a result. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay all of our indebtedness, or that we would be able to obtain alternative financing on terms that are favorable or acceptable to us. As a result, our cash flow, cash available for distributions, results of operation and financial condition may be materially and adversely affected.

### **We may not be able to acquire suitable land for future development at reasonable prices or at all**

We derive a significant portion of our revenue from the sale of properties that we have developed. It is important that we identify suitable land for future development and replenish our land reserves to support a steady supply of properties for sale.

The supply of land suitable for development in cities into which we plan to expand may be limited, and the costs of acquiring land in many such cities may fluctuate. We also face competition from other property developers which may also be interested in sites we have identified. Competition among property developers can be further intensified by land policies adopted by the PRC Government and local governments which, for instance, regulate the means of acquiring land. Any changes in land policies of the PRC Government with regard to land supply and development may lead to an increase in our costs of acquisition and limit our ability to successfully acquire land at reasonable prices. We cannot assure you that we will be able to successfully acquire any or all of the land use rights for projects planned for future development at reasonable prices, or at all and this may have a material adverse effect on our business, results of operations and financial condition. Please refer to the section headed "Risk factors — Risks relating to our industry — We are subject to extensive governmental regulations and frequent

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## RISK FACTORS

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introduction of new regulations. We may be affected by further measures promulgated by the PRC Government which aim to control the growth of the property sector” in this prospectus for further details. For additional information on the regulatory procedures and restrictions on land acquisition in the PRC, please refer to the section headed “Regulatory overview” in this prospectus.

**We may not be able to obtain land use rights of parcels of land pursuant to certain agreements or memoranda of understanding which we have entered into**

We have entered into a number of agreements or memoranda of understanding with relevant governmental authorities and third parties in an attempt to acquire parcels of land. Such arrangements do not constitute land grant contracts. Our PRC Legal Adviser has advised that such agreements or memoranda of understanding, to the extent that the government authorities have (i) agreed or purported to agree or procure to offer land to be listed-for-sale; and (ii) set the minimum bidding price or aggregate land premium or otherwise cap the land premium, such provisions are not legally binding on the parties under applicable PRC laws and regulations. We cannot assure you that these agreements or memoranda of understanding will eventually result in our acquisition of any 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 respect of these parcels of land. 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 operation and financial condition.

**We rely on our external construction contractors for all of our construction works. In addition, we may not be able to find sufficient high-quality external construction contractors if we expand into other geographical locations**

We outsource construction works of all our projects to external construction contractors, including but not limited to foundation digging, general construction and installation of equipment. We usually conduct an open tender process to select our external construction contractors, during which a wide range of factors are considered. Please refer to the section headed “Business — Our key property development process — Construction and quality control — Construction” in this prospectus for further details. We cannot assure you that any such external construction contractor will provide satisfactory services or complete work within the agreed timeframe. If we need to replace an external construction contractor or take other actions to remedy any unsatisfactory work, this may have a material adverse effect on the costs and construction progress of our projects.

If we expand into other geographical locations in the PRC, we cannot assure you that we will be able to find sufficient high-quality construction contractors due to varying development extent of property market in different cities and our lack of knowledge of construction contractors which operate in a particular city.

In accordance with applicable PRC laws and regulations, we provide statutory warranties on the quality of properties we sell to our customers. Generally, we receive quality warranties from third-party construction contractors we engage to construct our development projects. If claims are brought against us under our warranties, and if the relevant construction contractor fails to indemnify us for such claims in a timely manner, or at all, or if the money retained by us is insufficient to cover our compensation obligations under the warranties, we could incur significant expenses to resolve such claims or face delays in rectifying such defects. The occurrence of these events may harm our reputation and have a material adverse effect on our reputation, business, results of operations and financial condition.

The occurrence of any of the above events may have a material adverse effect on our reputation, business, results of operations and financial condition.

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## RISK FACTORS

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### **We may not be successful in managing our expansion into new cities or regions**

We have focused primarily on the development of properties in Jiangsu Province and we intend to expand into other regions in the PRC. For further details on our expansion plan, please refer to the section headed “Business — Business strategies — A. We will further expand our operations in Jiangsu Province and other parts of China in which we currently do not have a presence” in this prospectus.

When executing our expansion plan, we may face difficulties such as inadequate knowledge of and experience with local regulatory customs and policies, customer preferences and behavior, business environment and competition with developers who may have a well-established local presence in the market. Although we believe that we are capable of making forward-looking assessment of the market and planning strategically, we cannot assure you that our market assessment will turn out to be accurate, or that we will execute our expansion plan successfully, especially in light of uncertain economic conditions as a result of economic downturn or global financial crisis. There can be no assurance that our expansion plan will generate positive returns on our investment.

Apart from external challenges, we may also face difficulties in managing construction and delivery of our projects. Although we have formulated an operation and execution model with standardised project design plan for swift adaption, failure to observe our standards or inconsistencies in compliance may have an adverse impact on product quality and hence brand reputation. Further, expanding into new geographical locations requires a significant amount of capital and management resources and we will need to manage our workforce to match our expansion plan. Any of these factors could have a material adverse effect on our business, results of operations and financial conditions.

**The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability and profits derived from change in fair value upon transfer from inventory properties to investment properties is non-recurring in nature. Accordingly, we may not record such profit in the future**

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under HKFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss for the period in which they arise. Our investment properties were revalued by the Property Valuer as of 31 December 2012, 2013, 2014 and 31 August 2015, on an open market and existing use basis, which reflected market conditions on the respective dates. Based on such valuation, we recognised the aggregate fair value of our investment properties and relevant deferred tax on our consolidated statements of financial position and increases in fair value of investment properties and movements of the relevant deferred tax on our consolidated statements of profit or loss. For the years ended 31 December 2012, 2013, 2014 and the eight months ended 31 August 2015, our increases in fair value of investment properties were RMB6.0 million, RMB126.4 million, RMB97.1 million and RMB162.6 million, respectively.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts we would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we receive in actual sales of our investment properties as compared with the recorded fair value of such properties may result in a loss or would materially and adversely impact our results of operations.

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## RISK FACTORS

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During the Track Record Period, we transferred inventory properties to investment properties by appropriating those properties developed by us, which had not been contracted for sale, for leasing with a view to earning rental income. In accordance with paragraph 57(d) of HKAS 40 Investment Property, a transfer of our inventory properties to investment properties takes place when and only when there is a change in use evidenced by the commencement of a lease agreement entered into with a tenant. The difference between the fair value of the property at that date and its previous carrying amount is recognised as profit or loss. Accordingly, our profits attributable to changes in fair value upon transfer from inventory properties to investment properties during the Track Record Period is non-recurring in nature, and we may reduce the level of transfer or not at all effect any transfer from inventory properties to investment properties in the future, which, in turn, may materially affect our profitability.

**We gave relatively long rent-free periods to our tenants, which effectively reduce the rent payable to us and such arrangement may not be favourable to our operation and financial performance. If a tenant terminates our lease within or shortly after the relevant rent-free period, we may suffer impairment loss of rent receivables from our tenant. We may not be able to renew leases with our tenants or re-lease vacant properties at the same or higher rent or at all upon expiration or early termination of existing leases**

During the Track Record Period, we leased certain self-developed commercial properties to generate recurring income. We offered to some of our tenants rent-free periods which effectively reduce the rent payable to us during the term of their respective leases. The rent-free periods granted by us during the Track Record Period were relatively long, which may not be favourable to our operation or financial performance.

Our existing leases may be terminated by the tenants before expiration of their respective terms, especially during an economic downturn. Moreover, our existing leases may be terminated by the tenants within or shortly after the end of the relevant rent-free periods, which may result in an impairment loss of rent receivables from our tenants. We cannot assure you that we will be able to renew leases with our tenants or find replacement tenants upon expiration or early termination of existing leases at the same or better terms or at all. We may have to reduce our rent to attract potential tenants, which will, in turn, reduce our rental yield and have a negative impact on our rental income. In the event that we fail to renew leases with our tenants or re-lease vacant properties upon expiration or early termination of existing leases, or if we renew our leases or re-lease vacant properties on less favourable terms, our business, financial conditions and results of operations may be materially and adversely affected.

**We recorded negative operating cash flows for the two years ended 31 December 2013**

For the two years ended 31 December 2013, we had net cash used in operating activities of approximately RMB269.8 million and RMB2,183.8 million respectively. Our net cash used in operating activities mainly comprised payment for our property development activities and land acquisitions. We may continue to record negative operating cash flows in the future. Negative operating cash flows may adversely affect our liquidity and reduce our financial flexibility and our ability to obtain additional borrowings from bank, which in turn may affect the schedule of our development plan.

**Any adverse publicity or other adverse development that may affect our reputation, brand image or the “Jia Yuan” or “佳源” brand generally and any failure in renewing the non-exclusive licence to use such brand may result in 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 largely based on consumer perception with a variety of subjective

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## RISK FACTORS

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qualities. Isolated business incidents, negative publicity concerning us or our properties, whether true or not, may degrade consumer confidence and in turn have a material adverse effect on our business, results of operations and financial condition. We cannot assure you that there will not be any false, inaccurate or negative media reports about us or our projects in the future.

In particular, we market our products under the “Jia Yuan” or “佳源” brand which we have obtained a license to use from Jin Jiang Limited and Zhejiang Jia Yuan Group, being companies wholly owned by Mr. Shum. For details, please refer to the section headed “Business — Intellectual property rights” in this prospectus. However, our license to use such trademarks and brand names remains non-exclusive in nature. In this regard, the Private Group has marketed certain of its property development projects under the “Jia Yuan” or “佳源” brand. Any negative publicity or disputes regarding products owned by others and marketed under the licensed “Jia Yuan” or “佳源” brand, for example the property development projects of the Private Group, could adversely affect public perception of our products. Any impairment of our ability to continue selling products under the brand, or any significant damage to the brand’s image could adversely affect our business, results of operations and financial condition. Further, pursuant to the trademark license agreement dated 27 July 2015, our non-exclusive licence to use the “Jia Yuan” and “佳源” brand remains effective only for a period of 10 years. If the licensor for any reason decides not to renew our licence upon its expiry, we cannot continue our operations under such trademarks, which may have a material adverse effect on our business, results of operations and financial condition.

### **We may fail to obtain requisite certificates, licenses, permits or governmental approvals for our property development operations in a timely manner**

The property industry in the PRC is heavily regulated. In order to comply with the laws, rules and regulations stipulated by the PRC Government and local governments, we are required to obtain and maintain various certificates, licences, permits and governmental approvals, including but not limited to qualification certificates, land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits, pre-sale permits and completion certificates during various stages of property development. We are required to meet certain conditions before the relevant government authorities issue or renew any certificate, licence or permit. Please refer to the section headed “Regulatory overview” in this prospectus for further details.

We cannot assure you that our project companies will be able to renew their qualification certificates or upgrade their qualification in a timely manner. If we or our project companies fail to renew qualification certificates by the time they expire, our application for pre-sale or other permits necessary for the conduct of property development business will be refused and this may have a material adverse impact on our business, results of operations and financial condition.

We cannot assure you that we will be able to adapt to new laws, rules and regulations as they come into effect from time to time with respect to the property development industry or that we will not encounter other material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates, licenses or permits for our operations in a timely manner, or at all. If we fail to obtain, renew or encounter significant delays in obtaining or renewing, the necessary certificates, licenses or permits for any of our major property development projects, we will not be able to continue with our development plans, and our business, results of operations and financial condition may be adversely affected. If we proceed with our operations without these requisite certificates, we will be penalised by the relevant government authorities, which may, in turn, adversely affect our business, results of operations and financial conditions. We were penalised by the relevant government authorities for commencing construction works without having obtained the construction works commencement permits. In this regard, please refer to the section headed “Business — Non-compliance” in this prospectus for further details.

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### **We may not be able to obtain the relevant land, complete or deliver our property development projects on time and we may be subject to liabilities as a result of such delays**

The progress of a property development project may be materially and adversely affected by various factors, including delays in obtaining necessary permits or governmental approvals, delays in delivery of land to us, changes in governmental policies, changes in market conditions, labour disputes, poor work quality of construction contractors, construction accidents and adverse weather conditions. Any delay in obtaining the relevant land may adversely affect our business, results of operations and financial conditions.

Should we fail to complete the properties on time, our customers may seek compensation for late delivery pursuant to either the sales contracts or relevant PRC laws and regulations. Further, if our delay extends beyond a specified period, our customers may terminate the sales contracts and claim compensation. In addition, any delay in completing the construction works on time may expose us to penalties and claims by the relevant government authorities.

We cannot assure you that we will not experience any significant delays in the completion or delivery of our properties, or that we will not be subject to any liabilities for any such delays. If we experience a delay and we are liable to compensate for any such delay, this may have a material adverse effect on our business, results of operations and financial condition.

### **The PRC Government may impose fines or other penalties on us if we fail to comply with the terms of the land grant contracts or listing-for-sale confirmation letters, and we may lose land use rights with respect to certain parcels of land**

Under PRC laws and regulations, the PRC Government may issue a warning, impose a penalty and/or reclaim our land if we fail to develop a particular project according to the terms of the relevant land grant contracts, such as the approved land use, payment of land premium and other fees, as well as the time for commencement and completion of development.

Under current PRC laws and regulations, we may be subject to late penalties as stipulated in the land grant contracts if we fail to pay any outstanding land premium by the stipulated deadline. If we fail to commence development within one year from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may impose an idle land fee of up to 20% of the land premium on us unless the delay was caused by government actions or force majeure events. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the land may be forfeited unless the delay was caused by government actions or force majeure events. We cannot assure you that we will be able to fully comply with our obligations under the land grant contracts or listing-for-sale letters in the future due to factors beyond our control, or that our property development projects will not be subject to idle land penalties or forfeiture by the government due to delays. If any of the above happens, we may lose both the opportunity to continue our property development project and our previous investment in the land and this may have a material adverse effect on our business, results of operations and financial condition.

### **We provide guarantees for mortgage loans of our customers and may become liable to mortgagee banks if our customers default on their mortgage loans**

In line with industry practice, we have put in place arrangements with certain banks where we provide guarantees for mortgage loans taken out by purchasers of properties developed by us. We do not conduct independent credit check on our customers in addition to credit check conducted by the relevant banks. Typically, we guarantee mortgage loans taken out by customers and such guarantee will terminate



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and cease to be effective upon the customer obtaining the building ownership certificate and completion of the mortgage registration for the relevant property. The period of our guarantee provided to the relevant banks varies on a case-by-case basis subject to, among other things, the time at which our customers obtain the relevant mortgage loans. Since (i) the delivery of properties to our customers generally takes place within two years from the date of the relevant sales contract; and (ii) it is our policy to assist our customers to obtain the relevant building ownership certificates within six months from, among other things, the date of delivery of the relevant properties, the duration of our guarantee is generally within two and a half years from the date of the relevant sales contract. During the Track Record Period, the guaranteed amount borne by us in this regard amounted to approximately RMB863.6 million, RMB1,414.7 million, RMB1,769.9 million and RMB1,848.2 million respectively. For further details on guarantees for mortgage loans provided to our clients, please refer the section headed “Business — Our key property development process — Sales and marketing — Sales” in this prospectus. If a purchaser defaults on a mortgage loan, we may be required to pay off the mortgage by repaying the outstanding mortgage loans together with any accrued interest and penalties owed by the defaulting purchaser to the banks. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. We may be required to honour our guarantees in the event our customers default in repayment and this may have an adverse material impact on our business, results of operations and financial condition.

**Our results of operations are largely dependent on the development and delivery schedule of our products which fluctuate and such fluctuations make it difficult to predict our future performance and the price of our Shares**

As our primary source of revenue is the sale proceeds of properties developed by us, our future cash flows and revenue are heavily affected by the schedule of pre-sale and sale of our properties. In addition, our results of operations are also affected by other factors, including the schedule of our property development projects, the demand for our properties, any changes in our costs of development and our revenue recognition policy. According to our revenue recognition policy, we recognise revenue upon delivery of properties to our customers. There is a time difference between the pre-sale and completion of a property development project. The effect of such time difference is that the time when much of our GFA is sold may not correspond with the time when we record a major part of our revenue if the properties are not sold and delivered within the same financial period.

Accordingly, our results of operations for any given period may not be indicative of the actual demand, pre-sales or sales during that period. Our revenue and profit during any given period generally reflect property purchases in the past. Accordingly, our results of operations are not necessarily indicative of results that may be expected for any future period and may lead to fluctuations in the price of our Shares.

**The validity regarding the transfer of the right to use civil air defense projects is uncertain and we may be required to refund the consideration of such transfer to our customers and subject to adverse legal consequences if we fail to obtain the relevant CAD Utilisation Permits or otherwise maintain the validity of the CAD Utilisation Permits or government confirmations which have been granted or provided to us**

During the Track Record Period, we entered into agreements to transfer or lease the rights to use car parks constructed principally for civil air defense purpose (“CAD Car Parks”). Pursuant to the Civil Air Defense Law (中華人民共和國人民防空法), 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), the Administrative Measures for Maintaining the Civil Air Defense Property (人民防空工程維護管理辦法) and the Measures of Jiangsu Province for the Implementation of

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the Civil Air Defense Law of the People's Republic of China (2008 Amendment) (江蘇省實施《中華人民共和國人民防空法》辦法(2008年修正)) (the "Jiangsu CAD Measures"), (collectively "CAD Laws"), we are allowed to manage and use the civil air defense facilities developed by us at the time of peace and make profit therefrom. As at the Latest Practicable Date, we had obtained the Utilisation Permits During Peacetime (平時使用許可證) ("CAD Utilisation Permit") for Yangzhou Park Number One and Jiayuan Centurial Garden. In respect of Jiayuan Centurial Scenery Park and Oriental Paris City, we received written and oral confirmations from relevant government authorities in June and August 2015 confirming that (i) we are authorised to lease and/or transfer the right to use all the CAD Car Parks developed by us; and (ii) it is not necessary for us to obtain any permit or approval for our operations with respect to the CAD Car Parks. In respect of Jiayuan Centurial Villa, we received written confirmation from the relevant government authorities that we are authorised to lease and/or transfer the right to use the CAD Car Parks and generate income therefrom. Our Directors confirmed that we will apply for CAD Utilisation Permits as soon as practicable after the completion of Jiayuan Centurial Villa. However, there can be no assurance that we can (i) obtain the CAD Utilisation Permits from relevant authorities for our CAD Car Parks developed in Jiayuan Centurial Villa and other CAD Car Parks which we intend to transfer or lease the usage right; or (ii) maintain the validity of any CAD Utilisation Permit or government confirmation that has been granted or provided to us. As advised by our PRC Legal Adviser, pursuant to the Jiangsu CAD Measures, any unauthorised transfer and/or lease of the right to use the CAD Car Parks without obtaining the relevant approval (including the CAD Utilisation Permits) from the relevant authorities may be subject to a fine between RMB10,000 and RMB50,000 and a mandatory requirement to make rectification within a specified period of time.

If we fail to obtain the relevant CAD Utilisation Permits or if the relevant government authorities revoke the CAD Utilisation Permits or government confirmations granted or provided to us, there exists an uncertainty regarding the validity of our transfer of the right to use the CAD Car Parks. If there arises any dispute regarding our transfer of the right to use the CAD Car Parks, we may be adjudicated or ordered to retrieve the right to use the CAD Car Parks from our customers and refund the consideration to our customers.

Under the CAD Laws, the rights to use CAD Car Parks at the time of peace and to make profit therefrom shall not impair their function as civil air defense facilities. The design, construction, and quality of the civil air defense facilities must conform to the protection and quality standards stipulated by the PRC Government. If our customers fail to maintain the CAD Car Parks in accordance with the applicable laws and regulations, due to the uncertainty regarding the transfer of the rights to use the CAD Car Parks, should it be adjudicated that the relevant transfer was invalid, we may be subject to adverse legal consequences.

In the event that the PRC Government declares a state of war, the PRC Government may take over the civil air defense facilities as civil air defense shelters. If our customers fail to deliver the CAD Car parks at the request by the PRC Government, due to the uncertainty regarding the transfer of the rights to use the CAD Car Parks, should it be adjudicated that the relevant transfer was invalid, we may be subject to adverse legal consequences and government sanctions.

If any of the above happens, our business, results of operations and financial conditions may be materially and adversely affected.

### **Our profitability and results of operations are affected by changes in interest rates**

We finance our property development projects primarily through proceeds from pre-sale and sale and borrowings from banks, trust companies, asset management companies and other persons. Interest rates constitute a major part of our costs of financing through external borrowings and changes in

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interests rates have affected, and will continue to affect, our financing costs of property development projects. Our borrowings are primarily denominated in Renminbi and the interest rates on our bank borrowings are primarily affected by the benchmark interest rate set by the PBOC. In the past few years, the benchmark interest rates fluctuated significantly. As most of our financing costs are capitalised and recognised as cost of sale upon actual sale, any increase in capitalised financing costs may adversely affect our gross profit margin in the future. On the other hand, trust companies and asset management companies generally do not link their interest rates to the PBOC benchmark interest rates and typically charge interest rates higher than those charged by commercial banks. Further, changes in interest rates may affect our customers' ability to secure mortgage loans on acceptable terms, which, in turn, may affect their ability to purchase and demand for our properties. Please refer to the accountants' report set out in Appendix I to this prospectus for further details regarding our cash flow interest rate risk.

We cannot assure you that the PBOC will not raise benchmark lending rates further or otherwise discourage bank lending. In the event interest rates are further increased which lead to increase in our financing costs and/or decrease in demand for our properties, our business, results of operations and financial condition may be adversely affected.

### **Fluctuations in price of construction materials and labour costs may adversely affect our results of operation**

We engage construction contractors for construction of our projects and such contractors are responsible for procuring raw materials such as steel, cement, etc. In recent years, the prices of steel and cement fluctuated. For further details on the price level of steel and cement, please refer to the section headed "Industry overview" in this prospectus.

Our contracts with construction contractors usually provide that we will adjust payment to our contractors if prices of certain construction materials increase beyond the prescribed price range. Please refer to the section headed "Business — Suppliers — Procurement" in this prospectus for further details. In addition to prices of raw materials, we also expect labour costs in the PRC to continue to increase in the future.

Further, we procure construction materials and components such as ceramic tiles, doors, intercommunication equipment and elevators directly from our suppliers. In the event of a material increase in our costs of construction which cannot be passed to our customers, our business, financial conditions and results of operations may be materially and adversely affected.

### **Our success depends on the continuing service of our senior management**

The success of our business has been, and will continue to be, heavily dependent upon the continuing service of our Directors and members of our senior management. If we lose the services of any of our key executives and cannot replace them in a timely manner, our business may be materially and adversely affected.

In addition, our success depends on our ability to attract and retain talented personnel. We may not be able to successfully attract, assimilate or retain all the personnel we need. We may also need to offer superior compensation and other benefits to attract and retain key personnel and therefore cannot assure you that we will have the resources to fully achieve our staffing needs. Our failure to attract and retain competent personnel and any increase in staffing costs to retain such personnel could have a negative effect on our ability to maintain our competitive position and to grow our business. As a result, our business, results of operations and financial condition may be materially and adversely affected.

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### **We may not have adequate insurance coverage to cover our potential liabilities or losses**

We face various risks in the course of our business operations and may have inadequate or even no insurance coverage for those risks. In addition, in line with general industry practice in the PRC, we do not maintain insurance for risks associated with every aspect of our operation. Please refer to the section headed “Business — Insurance” in this prospectus for further information. In addition, certain losses such as natural hazards, civil disorder are not covered by insurance available on commercially reasonable terms. If any of the above occurs and we suffer losses, damages or liabilities in the course of our business operations 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 may be subject to fines or penalties if we fail to comply with any applicable laws, rules or regulations**

We did not fully comply with the applicable laws and regulations during the Track Record Period. Non-compliance incidents include (i) commencement of construction works prior to obtaining construction works commencement permit; (ii) tax non-compliance; (iii) deviation from construction works planning permit; (iv) failure to make adequate social insurance and housing provident fund contribution; and (v) inter-company loans. For details of our non-compliance incidents, please refer to the section headed “Business — Non-compliance” in this prospectus. Although we have implemented internal control measures to prevent occurrence of similar incidents in the future, there is no assurance that there will not be any non-compliance incidents within our Group. In the event that we breach any applicable laws, rules or regulations, we may be subject to fines or penalties arising from such non-compliance incidents, which may have a material adverse effect on our business, results of operations and financial condition.

### **We may be subject to potential liability for environmental problems which may result in losses**

We are subject to a variety of laws and regulations concerning the protection of the environment. In environmentally sensitive regions or areas, project development activities may be severely restricted or prohibited. Compliance with health and environmental laws and conditions may result in delays and increase in our compliance costs. Please refer to the section headed “Business — Environmental matters” in this prospectus for further details.

As required by PRC laws, we engaged independent third-party environmental consultants to conduct environmental impact assessment for our property development projects. These environmental impact assessments were submitted to the relevant government authorities for approval before commencement of development. It is possible that the environmental impact assessments may not address all environmental liabilities or their full impact and we may not be aware of the full exposure of all our material environmental liabilities. If any portion of a project is found to be in breach of relevant environmental standards, we may be subject to suspension of such project in addition to fines and penalties. If any of the above occurs, it may have a material adverse impact on our business, results of operations and financial condition.

### **We may be involved in disputes, legal and other proceedings arising out of our operations from time to time and 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 sale of our properties, including contractors, suppliers and purchasers. Such disputes may lead to legal or other proceedings and they may damage our reputation, increase our costs of operations and divert our management’s attention from daily business operations. In addition, where regulatory bodies or

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governmental authorities disagree with our ways in respect of our operations, we may be subject to administrative proceedings and unfavourable decrees that could result in liabilities and delays to our property developments. We cannot assure you that we will not be so involved in any major legal or other proceedings in the future.

### **We cannot assure you that our Controlling Shareholders will vote on Shareholders' resolutions in a way that will benefit our other Shareholders**

Immediately after completion of the Global Offering, our Controlling Shareholders will, in aggregate, beneficially own 75% of our issued share capital (assuming the Over-allotment Option and any options which may be granted under the Share Option Scheme are not exercised). Accordingly, our Controlling Shareholders will be in a position to vote and exert significant influence over our management and corporate policies, including our development strategies, capital expenditure and distribution plans, subject to the Listing Rules and other applicable laws. Nonetheless, the interests of our Controlling Shareholders may differ from our interests or the interests of other Shareholders. In particular, our Controlling Shareholders shall be able to (i) cause our Board to act in a manner which may not be in the best interests of our other Shareholders subject to applicable laws and regulations; (ii) subject to our Articles of Association, cause us to amend our Articles of Association which are not in the best interests of our other Shareholders; and (iii) otherwise determine the outcome of most corporate actions such as enforcement of indemnities against our Controlling Shareholders without the approval of other Shareholders subject to the Listing Rules.

We cannot assure you that our Controlling Shareholders will vote on Shareholders' resolutions in a way that will benefit our other Shareholders.

### **We are subject to certain restrictive covenants and risks normally associated with borrowings**

Certain of our loan facilities are subject to a number of material, customary affirmative and/or negative covenants. For example, certain of our subsidiaries are restricted from carrying out merger, material asset transfer, reduction of registered capital and incurring further indebtedness without the prior consent of the relevant lenders. If any default occurs, the relevant lenders are entitled to accelerate payment of all or any part of the indebtedness owing under the relevant loan agreements and to enforce all or any of the security for such indebtedness. In the event that we fail to comply with any of those covenants or repay these loans in part or in full at their respective maturity dates, there may be a material adverse effect on our business, results of operations and financial condition, as well as cash flow and cash available for distributions to our Shareholders.

### **Future investments or acquisitions may have a material adverse effect on our ability to manage our business**

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions depend on a number of factors, including our ability to identify suitable targets, obtaining required financing on reasonable and favourable terms and governmental approval. In the event that we fail to identify suitable targets or are prevented from making such strategic investments or acquisitions due to financial, regulatory 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 (i) difficulties in integrating the operations and personnel of the acquired businesses; (ii) difficulties in maintaining uniform standards, controls and policies across the expanded group; (iii) liabilities associated with the acquired businesses that were unknown at the time of acquisition; and (iv) adverse impact on our results of operations due to amortisation and/or impairment for goodwill associated with the acquisitions.

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Further, we cannot assure you that we will be able to make acquisitions or investments on favourable terms or within a desired time frame. There is also no assurance that such acquisitions or investments would yield the expected level of return. In addition, we may require additional financing in order to make such acquisitions and investments. Debt financing may result in an increase in the level of our indebtedness while equity financing may result in dilution of ownership of existing Shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

### **We may not be able to sell our investment in real properties at prices or on terms satisfactory to us**

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 fluctuating economic, financial and investment conditions. We cannot assure you that we will be able to sell such investment properties at prices or on terms satisfactory to us.

### **The appraisal value of our properties may be different from the actual realisable values and are subject to change**

The appraised value of our properties as set out in the property valuation report prepared by the Property Valuer as set out in Appendix IV to this prospectus is based on various assumptions that include elements of subjectivity and uncertainty. Accordingly, the appraised value of our properties may materially differ from the value that could be actually realised upon sale of the properties in the market. The assumptions adopted in the property valuation report include, among others:

- the properties that were under development by us as at the valuation date will be developed and completed in accordance with the latest development proposal provided by us to the Property Valuer;
- a seller sells the relevant property interest in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests;
- the relevant properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values; and
- the ground conditions and relevant services are suitable for development, and that no unexpected costs and delay will be incurred during the construction process.

The appraised value should not be taken as their actual realisable value or a forecast of their realisable value. If any of the assumptions used by the Property Valuer proves to be inaccurate, the appraised value of our property projects may materially differ from the realisable value. Further, unforeseeable changes to the development of our property projects, national or regional economic conditions may have an impact on the value of our properties. If the actual realisable value of our properties is substantially lower than their appraised value, this may have a material adverse effect on our business, results of operations and financial condition.



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### RISKS RELATING TO OUR INDUSTRY

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

Property development is capital intensive. We finance our property development projects primarily through proceeds from sale of properties, borrowings from banks, trust companies and asset management companies. In the future, we may also raise further financing in the capital market. Our ability to obtain external financing is subject to a number of factors, some of which are beyond our control, including: (i) general economic condition of the PRC; (ii) the general condition of financial markets and the availability of funds; (iii) obtaining necessary governmental approval to raise funds; (iv) changes in monetary policies in the PRC with respect to interest rates and lending conditions; and (v) changes in policies relating to the property market and the property development industry.

We cannot assure you that we will be able to obtain sufficient financing from banks or other lenders to fund our operations, acquisition and investment plans and meet existing and future capital expenditure requirements.

The PRC Government may further tighten financing policies on PRC financial institutions for the property development sector. Such financing policies may limit our ability to obtain funds through borrowings and the development of our property development projects may be adversely affected. For further details on the PRC laws and regulations which regulate PRC financial institutions in relation to the provision of funds to the property developers, please refer to the section headed “Regulatory overview” in this prospectus.

We cannot assure you that the PRC Government will not introduce other policies or initiatives which may further limit our access to capital and other means of financing property development 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. If we fail to secure adequate financing or renew our existing loans prior to their expiry as a result of such governmental actions and policy initiatives, there may be a material adverse effect on our business, results of operations and financial condition.

**The PRC Government may tighten regulations relating to trust loans provided to the real estate industry in the PRC, which may affect our ability to obtain trust loans**

During the Track Record Period, we entered into secured trust financing arrangements. For further details, please refer to the section headed “Business — Project financing” in this prospectus. Operations of the trust companies in the PRC are regulated by Measures on Administration of Trust Companies (信託公司管理辦法), which became effective on 1 March 2007. Trust companies are under the supervision of and monitoring of the CBRC and must comply with all notices and regulations promulgated by the CBRC. We cannot assure you that the PRC Government will not implement additional measures to limit the funding available from trust financing companies. If this happens, our ability to obtain trust loans may be adversely affected.

**We are subject to extensive governmental regulations and frequent introduction of new regulations. We may be affected by further measures promulgated by the PRC Government which aim to control the growth of the property sector**

Our business of developing and selling properties is extensively regulated in the PRC, and in particular, we are susceptible to policy changes that relate to the property development industry. We are required to comply with various PRC laws and regulations, as well as policies and procedures prescribed by local authorities to implement such laws and regulations.

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Over the past few years, the PRC Government introduced a number of policies to control the growth and curtail the overheating in the PRC property market. These policies may limit our ability to obtain financing, acquire land for future development and sell properties at profitable prices. In particular, measures and policies adopted by the PRC Government to restrict the ability of purchasers to obtain mortgages, to resell their properties or to increase the cost of mortgage financing may reduce market demand for our properties. Please refer to the section headed “Regulatory overview” in this prospectus for further details.

We cannot guarantee that the PRC Government will not adopt additional measures which may further reduce market demand and slow down the growth of the property development industry. It is also impossible to ascertain the extent of the impact of such measures or to accurately estimate our sales volume and revenue had such measures been adopted. If we fail to adapt our operations to these measures or if our marketing and pricing strategies are ineffective in promoting sales under the new measures, our business, results of operations and financial condition may be adversely affected.

### **Changes in PRC laws and regulations with respect to pre-sale may have a material adverse effect on our business performance**

We depend on cash flows from the pre-sale of our properties as one of the sources of funding for our property development projects. Under current PRC laws and regulations, property developers are required to fulfil certain conditions before they are allowed to commence pre-sale of the relevant properties. The use of pre-sale proceeds is also restricted to financing project development. We cannot assure you that the PRC Government will not implement further restrictions on property pre-sale, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. The adoption of any such measures may materially and adversely affect our cash flow position and we may have to seek alternative sources of funding to finance our project development, which may not be available on commercially reasonable terms, or at all.

### **The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations**

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 property. Pursuant to a circular issued by SAT, effective 1 February 2007, LAT obligations must be settled with the relevant tax bureaux within a specified time frame after completion of a property development project. In the Track Record Period, we incurred LAT of approximately RMB66.2 million, RMB90.8 million, RMB94.9 million and RMB41.4 million, respectively. Please refer to the section headed “Regulatory overview” in this prospectus for further details on PRC regulations on LAT.

Pending settlement of the LAT with the relevant tax authorities, we make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time. For the purpose of computing LAT provisions, we apportion deductible items such as land costs across various phases of our property development projects. As we calculate provisions for LAT based on our own apportionment of deductible expenses across development phases, the actual amount of LAT is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. Given the time gap between when we make provision for LAT and when the LAT payable is settled in full, the relevant tax authorities may not agree with our own apportionment of deductible expenses or our other bases adopted in the calculation of LAT. If we substantially underestimated the LAT payable for a particular period, this could have a material adverse effect on our results of operations for the subsequent financial period.

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### **The terms on which mortgage loans are made available to our customers, if at all, may affect our sales**

As many purchasers of our properties may finance their purchases by way of mortgage loans, any increase in interest rates may significantly increase their cost of mortgage financing. In addition, the PRC Government and commercial banks may increase down payment requirement, impose other conditions or change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. In the event that any of the above happens, our properties may become less affordable and many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

### **Intensified competition may materially and adversely affect our business, results of operations and financial condition**

Competition within the PRC real estate industry is intense. Many of our competitors may have more financial, marketing, technical and other resources than us and they may be more sophisticated than us in certain areas. Competition among property developers may lead to an increase in land and raw material costs, shortages in quality construction contractors, surplus in property supply. As a result, property prices may decrease while costs to attract or retain skilled employees may increase. If we fail to compete effectively, our business, results of operations and financial condition may be materially and adversely affected.

## **RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC**

### **Political and economic policies of the PRC Government may affect our business and we may be unable to sustain our growth and expansion strategies**

The PRC economy has largely been a centrally planned economy and it differs from other developed economies in many respects including (i) its political structure; (ii) governmental involvement and control; (iii) economic growth rate and degree of development; (iv) foreign exchange control; and (v) allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market oriented economy. In the past decades, the PRC Government implemented various economic reform measures that emphasised the role of market forces in the development of the PRC economy. Despite the transition, the PRC Government still plays a significant role in regulating industries by imposing industrial policies.

Our ability to successfully expand our business operations in the PRC depends on a number of factors, including macro-economic and other market conditions and availability of funds from lending institutions. We cannot predict whether changes in the political, economic and social conditions as well as laws and policies in the PRC will take place. We also cannot predict the impact of any material adverse effect on our current or future business, results of operations, financial condition and prospects.

In addition, some of the economic reforms adopted by the PRC Government are unprecedented or experimental and these reforms require refinement and improvement over time. Such refining and improvement process may not have a positive effect on our operations and business development. We cannot assure you that if any such measure is implemented, it will not have a material adverse effect on our future results of operations or profitability. Furthermore, we cannot assure you that our historical economic and market conditions will continue, or that we will be able to sustain our growth.

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### **A slowdown of the PRC economy may slow down our growth and may affect our business**

The PRC economy recorded one of the world's highest GDP growth rates. However, we cannot assure you that such growth will sustain and continue in the future. In addition, an economic slowdown in countries with which the PRC has significant trade or other economic relationships may materially and adversely affect the economic growth of the PRC. If the PRC economy experiences a significant downturn, our prospects, business, results of operations and financial condition may be materially and adversely affected.

Rapid economic growth can also lead to inflation. If the increase in the price of our properties is smaller than that in our costs, this would have an adverse impact on our profits and our business. In the past, the PRC Government imposed credit and loan control in order to control inflation. Such austerity measures may lead to a slowdown in the economic growth of the PRC and may materially and adversely affect our business, results of operation and financial condition and prospects.

### **Acts of God, acts of war, epidemics and other disasters could affect our business**

Our business is subject to the general and social conditions in the PRC. Acts of God such as natural disasters, epidemics, and other disasters which may materially and adversely affect the economy, infrastructure and livelihood of the people of the PRC are beyond our control. Our business, results of operations and financial condition may be materially and adversely affected if these natural disasters occur.

Apart from natural disasters, epidemics may materially and adversely affect people's livelihood and even threaten people's lives. Any outbreak of an epidemic is beyond our control and there is no assurance that epidemics like severe acute respiratory syndrome, avian flu or the human swine flu will not happen again. In the event of an occurrence of epidemic in the PRC, our business, results of operations and financial conditions may be materially and adversely affected.

Acts of war and terrorist attacks may cause damage or disruption to us, our employees, facilities, markets, suppliers and customers, any of which may materially and adversely affect our revenue, cost of sales, results of operations, financial condition or Share price. Potential war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot currently predict.

### **The PRC legal system is less developed than legal systems in certain other jurisdictions and inherent uncertainties may limit legal protection available to us and to our Shareholders**

Our operations are conducted in the PRC. The PRC legal system is a civil law system based on written statutes. Prior court decisions can only be cited as reference and have limited value as precedents. Since the late 1970s, the PRC Government has been developing a comprehensive system of laws, regulations and rules in relation to economic matters, such as foreign investment, corporate organisation and governance, commerce, taxation and trade.

Written statutes of the PRC are often principle-oriented and required detailed interpretation by enforcement bodies upon application of such laws. However, given that these laws, regulations and rules have not been fully developed and that published cases are non-binding in nature, there is some degree of uncertainty in the interpretation and enforcement of these laws, regulations and rules. In light of the uncertainty we cannot predict the outcome of any legal action which may be taken against us in the PRC. Any litigation we undertake in the PRC may be protracted and lead to substantial legal costs and diversion of resources from our operations.

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## RISK FACTORS

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The interpretation of statutes, regulations and rules may also be subject to government policies. In addition, the PRC legal system is based, in part, on governmental policies and internal rules (some of which are not published on a timely basis, or at all) that may have a retroactive effect. As we may not be aware of such policies and rules, we may not be aware of any actual or deemed violation until some time later. We cannot assure you that you will enjoy the same protection afforded to a minority shareholder by companies incorporated under the laws of Hong Kong or other places with a more developed legal system.

**We are a Cayman Islands company and you may experience difficulties in protecting your interests because the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or certain other jurisdictions**

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Companies Law and other laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that remedies available to our minority shareholders may be different from those they could have been entitled to under the laws of Hong Kong or other jurisdictions. Please refer to the section headed “Summary of the constitution of our Company and the Cayman Islands Company Law — the Cayman Islands company law” in Appendix V to this prospectus for further information.

**It may be difficult to effect service of process in connection with disputes brought in or enforce judgments obtained from courts outside the PRC on us or our management who reside in the PRC**

While we are a company incorporated in the Cayman Islands, most of our management reside in the PRC and a significant portion of our assets and the assets of our management are located in the PRC. Accordingly, it may be difficult for you to effect service of process on or enforce judgments against us or our management who reside in the PRC in connection with disputes brought in courts outside the PRC.

Furthermore, the PRC does not have treaties providing for the reciprocal recognition and enforcement of civil judgments awarded by courts in many other jurisdictions such as the BVI, the Cayman Islands and most other western countries. Therefore, it may be difficult or even impossible to seek recognition and enforcement of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration.

**Fluctuations in foreign exchange rates may have a material adverse impact on your investment**

Our revenue and expenditure are denominated in Renminbi, which is currently not a freely convertible currency. The PBOC reformed, with effect from 21 July 2005, the exchange rate regime by permitting Renminbi to fluctuate within a managed band with reference to a basket of currencies. The PBOC has since then made further adjustments to the exchange rate system. With effect from 17 March 2014, the Renminbi is allowed to fluctuate by 2% from the mid-point rate.

As we did not enter into any formal hedging policy, foreign currency exchange contracts or derivative transactions as at the Latest Practicable Date, we are exposed to foreign currency fluctuations. Any appreciation of Renminbi may result in the decrease in the value of foreign currency-denominated assets while any depreciation of Renminbi may adversely increase cost of supplies imported from foreign countries. In addition, any appreciation or depreciation of Renminbi relative to Hong Kong Dollars would affect our financial results in Hong Kong Dollars. Any fluctuation in the value of Renminbi may affect our business, results of operations and financial condition, and the value of, and any dividends payable on, our Shares in foreign currency terms.

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## RISK FACTORS

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### **Changes in foreign exchange regulations may materially and adversely affect our business and results of operations and our ability to remit dividends**

Capital account transactions in foreign currencies are subject to significant exchange controls and generally require the approval of PRC Government authorities, including SAFE. Under the existing PRC foreign exchange regulations, following the completion of the Global Offering, by complying with certain procedural requirements, we will be able to pay dividends (if any) in foreign currencies without prior approval from SAFE. However, in the future, the PRC Government may, at its discretion, take measures to restrict access to foreign currencies for current account transactions. In such case, we may not be able to pay dividends in foreign currencies to our Shareholders.

If we have insufficient foreign currency for the purposes of paying dividends and meeting other foreign exchange requirements and the SAFE refuses to grant approval for our application to convert Renminbi into any foreign currency, our business, results of operations and financial condition may be materially and adversely affected.

### **Our Company is a holding company that relies on dividend payments from our subsidiaries for funding**

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 received from our subsidiaries for cash to pay dividends to our Shareholders and service our indebtedness. Dividends or other distributions received from our subsidiaries may be impaired if our subsidiaries incur any debts or losses. As a result, our ability to pay dividends or other distributions and to service our indebtedness may be restricted.

Apart from financial conditions, the ability of our subsidiaries to make distributions to us may be affected by restrictive covenants in bank credit facilities or other agreements that our subsidiaries may enter into in the future.

Further, it is required under PRC laws that dividends are only paid out of the net profit calculated according to PRC GAAP and that a part of the net profit is set aside as statutory reserves. These statutory reserves are not available for distribution as cash dividends. These restrictions on the availability of our major source of funding may affect our ability to pay dividends to our Shareholders and to service our indebtedness.

### **PRC regulations relating to acquisition of PRC companies by offshore holding companies may limit our ability to acquire PRC companies and may materially and adversely affect the implementation of our acquisition strategies as well as our business and prospects**

The M&A Provisions were jointly promulgated by six agencies, including MOFCOM, the CSRC and SAFE on 8 August 2006 and became effective on 8 September 2006. Pursuant to the M&A Provisions, a foreign company lawfully established or controlled by a PRC domestic company, enterprise or natural person shall obtain approval of MOFCOM prior to any acquisition of domestic enterprises related to such domestic company, enterprise or natural person. The M&A Provisions apply should foreign investors seek to (i) purchase the equities or subscribe to the increased capital of a domestic non-foreign-invested enterprise and thus changing the domestic non-foreign-invested enterprise into a foreign-invested enterprise; or (ii) set up a foreign-invested enterprise to acquire assets from a domestic enterprise and operate these assets, or acquire assets from a domestic enterprise and set up a foreign-invested enterprise by injecting the acquired assets. The M&A Provisions stipulate that the business scope upon acquisition of a domestic enterprise must conform to the Foreign Investment Industrial Guidance Catalogue (2015 Revision) (the “2015 Industrial Guidance Catalogue”) (外商投資產



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## RISK FACTORS

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業指導目錄(2015年修訂)) jointly promulgated by the NDRC and MOFCOM. According to the 2015 Industrial Guidance Catalogue, foreign investment in enterprises engaged in the development of villas and golf courses falls within the category of prohibited industries, while foreign investment related to other kinds of real estate development falls within the category of industry in which foreign investment is permitted.

Should we decide to acquire a PRC enterprise, we cannot assure you that we or the owners of such PRC enterprise can successfully fulfil all necessary approval requirements under the M&A Provisions. This may restrict our ability to implement our acquisition plans and may have a material adverse effect on our business, results of operations and financial condition results.

### **Our transfer of funds into the PRC to finance our development projects is subject to approval by the PRC Government**

The PRC Government has implemented a series of rules and measures to control the inflow of foreign funds into the property development industry or for property speculation. The transfer of our net proceeds from the Global Offering into the PRC is subject to such PRC Government control measures.

On 28 April 2013, SAFE issued the Measures for the Administration of Foreign Debt Registration (外債登記管理辦法) (“Notice No. 19”) which restrict the ability of a FIREE to raise funds offshore by structuring the funds as a shareholder loan to the property development companies in the PRC. Instead, in most circumstances such companies have to structure the funds from offshore as an equity investment and obtain the funds through an increase of their registered capital or the establishment of new FIREE. On 18 June 2008, MOFCOM issued the Circular on Better Implementation of the Filing of Foreign Investment in the 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), pursuant to which MOFCOM has delegated the task of verifying filing documents to its provincial agencies.

On 23 May 2007, MOFCOM and SAFE promulgated the Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment (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) (the “Circular 50”). 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.

On 24 June 2014, MOFCOM and SAFE jointly promulgated the Circular on Improving the Filing Procedure of Foreign Investment in the Real Estate Sector (《關於改進外商投資房地產業備案工作的通知》 (“No. 340 Circular”), which became effective on 1 August 2014. According to the No. 340 Circular, the filing procedure of foreign investment in the real estate sector has been simplified. According to the No. 340 Circular, the provincial MOFCOM branch and other relevant authorities shall jointly verify the paper documents provided by FIREEs and the digital data in the filing system in accordance with relevant laws and regulations, and then MOFCOM shall make random inspections weekly after the aforementioned verifications.

Pursuant to the above notices, we are required to register and apply for approvals from relevant PRC governmental authorities if we plan to expand the scope of our business or the scale of our operations, engage in new real estate project development or operations or increase the registered capital of our subsidiaries or associated project companies in the PRC in the future. The injection of funds by any of such means is subject to the registration and approval requirements as mentioned above. As a result, we must register and apply for approval with the relevant PRC governmental authorities, and wait till the requested approvals are completed before we may transfer the proceeds from the Global Offering into the PRC for the intended uses in the PRC as set out in the section headed “Future plans and use of proceeds” in this prospectus.

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Furthermore, if the PRC Government issues further policies or regulations to regulate or restrict overseas investment in the PRC property industry and such policies or regulations are applicable to our business and operations, we may not be able to secure new projects and there may be a material adverse effect on our business, results of operations and financial condition.

### **Changes in PRC tax law may expose us to higher income tax rate**

According to the PRC Enterprise Income Tax Law of the People's Republic of China enacted by the National People's Congress on 16 March 2007 and enforced from 1 January 2008 onwards, 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.

In addition, under the PRC Enterprise Income Tax Law, enterprises organised 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 enterprise income tax at the rate of 25% on their worldwide income. As most of our management are located in the PRC after the effective date of the PRC Enterprise Income Tax Law, we may be considered a PRC resident enterprise and therefore subject to Enterprise Income Tax 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 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 PRC Enterprise Income Tax 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.

### **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 PRC Enterprise Income Tax Law and its implementation regulations, a reduced withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors 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 21 August 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after 1 April 2007 and in mainland China to any year commencing on or after 1 January 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. 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 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 SAT in October 2009 ("Circular 601"), the definition of "beneficial owner" is narrowed to individuals, enterprises or other organisations who "normally engage in substantive operations". The Circular 601 also introduced various factors to be considered in determination of whether an entity is a "beneficial owner". If our Hong Kong subsidiaries are not deemed beneficial owners under the Circular 601, they may not be able to enjoy the

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## RISK FACTORS

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5% preferential tax treatment and as a result the dividends distributed by our PRC subsidiaries through these Hong Kong subsidiaries will be adversely affected.

### **RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES**

#### **There has been no prior public market for our Shares before the Listing and the liquidity and market price of our Shares following the Listing may be volatile**

Before the Listing, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Sole Global Coordinator (on behalf of the Underwriters) and us, which may differ from the market prices of our Shares after the Listing. Following the completion of the Global Offering, the Stock Exchange will be the only market on which our Shares are listed. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for our Shares following the Listing. Following the Global Offering, our Shares may be traded in the public market below the Offer Price. The volume and price at which our Shares will be traded are affected by a number of factors, including (i) changes in senior management; (ii) changes in laws and regulations in the PRC; (iii) general economic conditions in the PRC; and (iv) market perception of our prospects. We cannot assure you that the market price of our Shares will not decline below the Offer Price.

#### **A sale or the expectation of a sale of Shares by our existing Shareholders may have a material adverse effect on our Share price**

Future sale of a substantial number of our Shares by our existing Shareholders after the Listing could materially and adversely affect market prices of our Shares prevailing from time to time. Future sale of substantial amounts of our Shares, including future offerings, or the perception that such sale are likely to occur may also materially and adversely affect the prices of our Shares and our ability to raise capital.

Immediately after the Listing, only a limited number of the Shares currently outstanding will be available for sale as our Controlling Shareholders are subject to a lock-up period. Please refer to the section headed “Underwriting — Undertakings pursuant to the Hong Kong Underwriting Agreement — Undertaking by the Controlling Shareholders” in this prospectus for further details. While we are not aware of any intentions of our current Shareholders to dispose of significant amounts of their Shares upon lapse of the lock-up periods, we are not in a position to give any assurance that such disposal will not occur. Future sale of a substantial number of our Shares, or the perception that such sale may occur, could materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

#### **Certain facts, forecasts and statistics in this prospectus relating to the PRC, the PRC economy and the property development industry in the PRC are derived from various government or official sources and may not be fully reliable**

In this prospectus, certain facts, forecasts and statistics relating to the PRC, the PRC economy and the property development industry in the PRC are derived from various government, official or public publications. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced and extracted from these sources, they have not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, nor any of their or our directors, affiliates, advisers or any other parties involved in the Global Offering. We cannot assure you of the quality or reliability of such source materials. We, therefore, make no representation as to the accuracy of these facts, forecasts and statistics, which may not be consistent with other information compiled within or outside the PRC.

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## RISK FACTORS

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Due to possible flawed, inadequate or ineffective collection methods or discrepancies between published information and market practice and other problems, the government or official statistics in this prospectus relating to the PRC, the PRC economy and the property development industry in the PRC may be inaccurate, or may not be comparable to statistics produced for other economies and thus should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same bases or with the same degree of accuracy, as may be the case in other countries. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

**The price of our Shares may fall before trading begins due to the time lag between pricing and trading of the Offer Shares**

The Offer Price will be determined on the Price Determination Date, which is expected to be 2 March 2016. The Offer Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be on 8 March 2016. Investors may not be able to sell or otherwise deal in our Shares during this period between the Price Determination Date and the Listing Date. Accordingly, holders of our Shares bear the risk that the prices of our Shares could fall before trading begins and may be lower than the Offer Price due to adverse market conditions or other adverse developments which may occur between the Price Determination Date and the Listing Date.

**We cannot assure you as to whether and when we will pay dividends in the future**

Save for a dividend of RMB22.0 million paid to the shareholders of our subsidiaries for the year ended 31 December 2013, our Group had not declared and paid dividends to the then Shareholders during the Track Record Period. We cannot assure you as to whether and when we will pay dividends in the future. Any future declarations of dividends will be proposed by our Board, and the amount of any dividend will depend on various factors such as our results of operations, financial condition and future business prospects. Please refer to the section headed “Financial information — Dividend and distributable reserves” in this prospectus for further details.

**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 authorised the disclosure of such information in any press or media. We make no representation 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 and do not accept any responsibility for such press or media coverage or the accuracy or completeness of such information. Accordingly, prospective investors should not rely on any such information.

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## **WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND EXEMPTION FROM THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

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

### **CONTINUING CONNECTED TRANSACTIONS**

We have entered into, and are expected to continue after the Listing, certain transactions, which would constitute continuing connected transactions of our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for, and the Stock Exchange has granted us, a waiver pursuant to Rule 14A.105 of the Listing Rules from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules for such non-exempt continuing connected transactions. Further details of such non-exempt continuing connected transactions and the waiver are set out in the section headed “Continuing connected transactions” in this prospectus.

### **FINANCIAL STATEMENTS IN THIS PROSPECTUS**

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

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

The accountants’ report set forth in Appendix I to this prospectus contains the audited consolidated results of our Group for each of the three financial years ended 31 December 2014 and the eight months ended 31 August 2015, and is in compliance with the requirements under Rule 8.06 of the Listing Rules. However, strict compliance with Rule 4.04(1) of the Listing Rules and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for us as there would not have been sufficient time for the reporting accountants of our Company to complete and finalise the audit of the consolidated financial statements of our Group for the full financial year ended 31 December 2015 for inclusion in this prospectus.

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

- (a) this prospectus shall be issued on or before 29 February 2016; and
- (b) the particulars of the exemption be set forth in this prospectus.

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**WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES AND  
EXEMPTION FROM THE COMPANIES (WINDING UP AND  
MISCELLANEOUS PROVISIONS) ORDINANCE**

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

- (a) we shall issue this prospectus by 29 February 2016 and list on the Stock Exchange by 31 March 2016;
- (b) we obtain a certificate of exemption from the SFC from strict compliance from similar requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (c) a profit estimate for the financial year ended 31 December 2015 in compliance with Rules 11.17 to 11.19 of the Listing Rules shall be included in this prospectus; and
- (d) a Directors' statement that there is no material adverse change to our financial and trading positions or prospects of our Group with specific reference to the trading results from 1 September 2015 to 31 December 2015 shall be included in this prospectus.

Our Directors have confirmed that the exemption and the waiver as mentioned above would not prejudice the interests of the investing public based on the following circumstances:

- (a) after performing all due diligence work which our Directors consider to be necessary, there has been no material adverse change in the financial and trading positions or prospects of our Group since 31 August 2015 and up to the date of this prospectus;
- (b) there is no event which would materially affect the information as contained in the accountants' report as set out in Appendix I to this prospectus, the profit estimate as set out in Appendix III to this prospectus, the section headed "Financial information" in this prospectus and other parts of this prospectus;
- (c) save as disclosed in this prospectus, they do not contemplate any change to the share capital structure of our Group up to completion of the Global Offering; and
- (d) on the basis of the above, our Directors consider that all information that is reasonably necessary for potential investors to make an informed assessment of the financial and trading positions or prospects of our Group has already been included in this prospectus.



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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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### DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

### THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms set out the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 45,000,000 Hong Kong Offer Shares and the International Placing of initially 405,000,000 International Placing Shares (subject, in each case, to adjustment on the basis described in the section headed "Structure of the Global Offering" in this prospectus).

The Global Offering is sponsored by the Sole Sponsor, namely CCBI. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date. The Global Offering is managed by the Sole Global Coordinator. For further details of the Underwriters and underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

### DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date.

**If, for whatever reason, the Sole Global Coordinator (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by 7 March 2016, the Global Offering will not become unconditional and will lapse immediately.**

### RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

No action has been taken to permit any public offering of the Offer Shares or the distribution of this prospectus and/or the related Application Forms 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, nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and representations made in this prospectus and the related Application Forms. No person is authorised in connection with the Hong Kong Public Offering to give any information, or to make any representation, not contained in this prospectus and the related Application Forms, and any information or representation not contained in this prospectus and the related Application Forms must not be relied upon as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any of their respective directors or any other persons or parties involved in the Global Offering.

**Each person acquiring the Offer Shares in the Global Offering will be required to confirm, or be deemed by its acquisition of Offer Shares to have confirmed, that it is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus.**

### APPLICATION FOR LISTING ON THE STOCK EXCHANGE

The Company has applied 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 pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Capitalisation Issue and upon the exercise of any options which may be granted under the Share Option Scheme.

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

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

### ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

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

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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All necessary arrangements have been made for the Shares to be admitted into CCASS. If you are unsure about the details of CCASS settlement arrangements and how such arrangements will affect your rights and interests, you should seek the advice of your stockbrokers or other professional advisers.

### PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the tax implications of subscription for, purchasing, holding or disposing of and dealing in our Shares under the laws of the place at your operations, domicile, residence, citizenship or incorporation. We emphasise that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, agents or advisers or any other person involved in the Global Offering accepts responsibility for your tax effects or liabilities resulting from your subscription for, purchase, holding or disposal of or dealing in our Shares.

### STABILISATION AND OVER-ALLOTMENT

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for or purchase the newly issued securities in the secondary market during a specified period of time, to retard, and if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the commencement of trading in the Shares of our Company on the Stock Exchange. Such transactions will be effected in compliance with all applicable laws, rules and regulations in place in Hong Kong. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of the Stabilising Manager and may be discontinued at any time during the stabilising period, which will begin on the day on which trading of our Shares commences on the Stock Exchange and end on the 30th day after the last day for lodging applications under the Hong Kong Public Offering. As a result, demand for our Shares, and their market price, may fall after the end of the stabilising period.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules includes (i) over-allocation of shares for the purpose of preventing or minimising any reduction in the market price of shares, (ii) selling or agreeing to sell shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of shares, (iii) subscribing, or agreeing to subscribe, for shares pursuant to an option or other right in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, shares pursuant to an option or other right in order to close out any positions established under (i) or (ii) above, (v) selling shares to liquidate a long position established and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 67,500,000 Shares, which is 15% of the new Shares of our Company initially available under the Global Offering.

As a result of effecting transactions to stabilise or maintain the market price of our Shares, the Stabilising Manager, or any person acting for it, may maintain a long position in our Shares. The size of the long position and the period for which the Stabilising Manager, or any person acting for it, will maintain the long position are at the discretion of the Stabilising Manager and are uncertain. Investors should be warned that, in the event that the Stabilising Manager liquidates this long position by making sales in the open market, this may lead to decline in the market price of our Shares.

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## INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

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Any stabilising action taken by the Stabilising Manager, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilising period. Stabilising bids for or market purchases of the Shares by the Stabilising Manager, or any person acting for it, may be made at or below the Offer Price and can therefore be made at or below the price paid for the Offer Shares by applicants for, or investors in, the Offer Shares.

In connection with the Global Offering, the Stabilising Manager may require our Company to allot and issue up to and not more than an aggregate of 67,500,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or combination of these means. In particular, for the purpose of covering such over-allocations, the Stabilising Manager may borrow up to 67,500,000 Shares from Mingyuan Investment (equivalent to the maximum number of Shares to be issued on a full exercise of the Over-allotment Option), under the Stock Borrowing Agreement.

The terms of the Stock Borrowing Agreement will be in compliance with the requirements set out in Rule 10.07(3) of the Listing Rules and will therefore not be subject to restrictions under Rule 10.07(1)(a) of the Listing Rules. The principal terms of the Stock Borrowing Agreement are set out below:

- the stock borrowing arrangement will only be effected by the Stabilising Manager (or its affiliates) for settlement of over-allocations in connection with the International Placing;
- the maximum number of Shares to be borrowed by the Stabilising Manager (or its affiliates) from Mingyuan Investment will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed will be returned to Mingyuan Investment not later than the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the day on which the Over-allotment Option is exercised in full; or (iii) such earlier time as may be agreed in writing between the parties;
- the stock borrowing arrangement will be effected in compliance with all applicable laws and regulatory requirements; and
- no payments will be made to Mingyuan Investment in relation to the stock borrowing arrangement.

### **HONG KONG BRANCH SHARE REGISTER AND STAMP DUTY IN HONG KONG**

All Shares issued pursuant to applications made in the Global Offering will be registered in our Company's branch register of members to be maintained in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty.

Unless otherwise determined by our Company, dividends payable in HK dollars in respect of the Shares will be paid to the shareholders listed on the Hong Kong branch share register of our Company, by ordinary post, at the shareholders' risk, to the registered address of each Shareholder.

### **PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES**

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

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING**

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### **STRUCTURE OF 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” in this prospectus.

### **EXCHANGE RATE CONVERSION**

Unless otherwise specified, amounts denominated in HK\$ has been translated, for illustration purposes only, into RMB in this prospectus at the rate of HK\$1: RMB0.8372.

The exchange rate between HK\$ and RMB was set by PBOC for foreign exchange transactions prevailing as at 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.

### **ROUNDING**

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

Name	Residential address	Nationality
<b>Non-executive Director</b>		
Shum Tin Ching (沈天晴) (also known as Shen Yuxing (沈玉興))	Flat E, 5th Floor Block 11, Locwood Court Kingswood Villas Tin Shui Wai New Territories Hong Kong	Chinese
<b>Executive Directors</b>		
Huang Fuqing (黃福清)	Room 301, Unit A Block 12, Hongmei Holiday Garden Tian Ning, Changzhou Jiangsu China	Chinese
Cheuk Hiu Nam (卓曉楠)	Flat B, 14th Floor Block 1, Locwood Court Kingswood Villas Tin Shui Wai New Territories Hong Kong	Chinese
Wang Jianfeng (王建鋒)	Room G, 12th Floor Tower 3, Queen's Terrace Sheung Wan Hong Kong	Chinese
<b>Independent non-executive Directors</b>		
Tai Kwok Leung, Alexander (戴國良)	No. 21 Ching Sau Lane Chung Hom Kok Hong Kong	Australian
Cheung Wai Bun, Charles (張惠彬)	Flat 2, 6th Floor Block A, Evergreen Villa 43 Stubbs Road Midlevels East Hong Kong	Chinese
Gu Yunchang (顧雲昌) (also known as Gu Yongchuang (顧勇闖))	Room 503, Building C8 No. 9, San Li He Road Haidian District Beijing China	Chinese

For further information regarding our Directors, please refer to the section headed "Directors and senior management" in this prospectus.



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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

**Sole Sponsor and  
Sole Global Coordinator**

CCB International Capital Limited  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

**Joint Bookrunners and  
Joint Lead Managers**

CCB International Capital Limited  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

Haitong International Securities Company Limited  
22/F, Li Po Chun Chambers  
189 Des Voeux Road Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Legal advisers to our Company**

*As to Hong Kong law:*  
Mayer Brown JSM  
16th–19th Floors, Prince’s Building  
10 Charter Road  
Central  
Hong Kong

*As to PRC law:*  
Jingtian & Gongcheng  
Suite 1202–1204, K. Wah Center  
1010 Huai Hai Road  
Xu Hui District  
Shanghai  
China

*As to Cayman Islands law:*  
Conyers Dill & Pearman  
Cricket Square  
PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

**Legal advisers to the Sole  
Sponsor and the Underwriters**

*As to Hong Kong law:*  
MinterEllison  
Level 25, One Pacific Place  
88 Queensway  
Hong Kong

*As to PRC law:*  
Global Law Office  
15th and 20th Floors  
Tower 1 China Central Place  
No. 81 Jianguo Road  
Chaoyang District  
Beijing  
China

**Auditor and Reporting  
accountants**

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
35th Floor  
One Pacific Place  
88 Queensway  
Hong Kong

**Property Valuer**

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

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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<b>Industry consultant</b>	Jones Lang LaSalle Corporate Appraisal and Advisory Limited 6th Floor, Three Pacific Place 1 Queen's Road East Hong Kong
<b>Receiving banks</b>	Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong  Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong
<b>Compliance adviser</b>	Messis Capital Limited Room 1606, 16/F Tower 2, Admiralty Centre 18 Harcourt Road Hong Kong

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## CORPORATE INFORMATION

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<b>Registered office</b>	Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
<b>Principal place of business in Hong Kong</b>	Room 1403 9 Queen's Road Central Hong Kong
<b>Headquarters and principal place of business in the PRC</b>	No. 59, Gu Jia Ying Road Xuanwu District Nanjing China
<b>Company's website</b>	www.jiayuanintl.com (Information contained on the website does not form part of this prospectus.)
<b>Company secretary</b>	Wan Siu Keung, <i>CPA</i> Flat H, 11/F Block 6, Grand Horizon Tsing Yi New Territories Hong Kong
<b>Authorised representatives</b>	Cheuk Hiu Nam Flat B, 14th Floor Block 1, Locwood Court Kingswood Villas Tin Shui Wai New Territories Hong Kong  Wan Siu Keung Flat H, 11/F Block 6, Grand Horizon Tsing Yi New Territories Hong Kong
<b>Audit committee</b>	Tai Kwok Leung, Alexander ( <i>Chairman</i> ) Gu Yunchang Cheung Wai Bun, Charles
<b>Remuneration committee</b>	Cheung Wai Bun, Charles ( <i>Chairman</i> ) Tai Kwok Leung, Alexander Cheuk Hiu Nam

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## CORPORATE INFORMATION

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<b>Nomination committee</b>	Shum Tin Ching ( <i>Chairman</i> ) Cheung Wai Bun, Charles Gu Yunchang
<b>Principal share registrar and transfer office in the Cayman Islands</b>	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive PO Box 2681, Grand Cayman KY1-1111, Cayman Islands
<b>Hong Kong Branch Share Registrar</b>	Tricor Investor Services Limited Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal bankers</b>	Heng Seng Bank Limited 83 Des Voeux Road Central Hong Kong  Wing Lung Bank Limited 45 Des Voeux Road Central Hong Kong  Bank of China, Taixing Branch 2 Chang Zheng Road Taixing Jiangsu China  China Citic Bank, Nantong Branch Block C, Nantong Building 1 Beihaoqiao Road Nantong Jiangsu China  Bank of Shanghai, Yangpu Branch 46 Guobin Road Shanghai China

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## INDUSTRY OVERVIEW

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*This section contains information relating to the economy of the PRC and the industry in which we operate. We have extracted and derived the information in the section below, in part, from various official government publications and a commissioned report from JLL, an Independent Third Party. See the section headed “Industry overview — Sources of information” below. We believe that such sources are appropriate sources for the information below, including forward-looking information, and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material aspect or that any fact has been omitted that would render such information false or misleading in any material aspect. The information has not been independently verified by us, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective affiliates or advisers, or any party involved in the Global Offering and no representation is given as to its accuracy. The information and statistics may not be consistent with other information and statistics compiled within or outside the PRC.*

### SOURCES OF INFORMATION

In connection with the Global Offering, we commissioned the JLL Report from JLL for use in part in this prospectus to provide prospective investors with information on the economy of the PRC, the real estate market of the PRC and the industry in which we operate. JLL has charged us a total fee of HK\$300,000 for the preparation of the JLL Report, which we believe is in line with the market rate for such reports.

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

For the purpose of the Global Offering, JLL also serves as our Property Valuer. A property valuation report prepared by JLL which relates to our property interests is included in Appendix IV to this prospectus. JLL provided services through two business teams which are independent from each other. The JLL Report was prepared based on data from the PRC Government, renowned research institutions, third-party reports and surveys and the proprietary databases of JLL. In the course of research, JLL conducted interviews with local developers, buyers, marketing agents and market observers in each real estate market.

The following sets out the main reasons why JLL adopted the above sources of information and considered them reliable:

1. It is general market practice to adopt official data and announcement from various PRC government agencies; and
2. JLL understands that the data collection methodology and data sources of the proprietary databases of JLL and the subscribed database from China Index Academy.

While preparing the JLL Report, JLL relied on the following assumptions:

- All land transaction records and contracted average selling prices of select projects provided by the Company are true and correct;
- All published data by the relevant government statistics bureaux are true and correct;



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## INDUSTRY OVERVIEW

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- All collected information relating to residential and commercial sales transactions from the relevant housing administrative bureaux are true and correct;
- All land transaction records collected from the Land Resources Administrative Bureaux are true and correct; and
- Where subscribed data is obtained from renowned public institutions, JLL will rely upon the apparent integrity and expertise of such institutions. JLL will not verify the accuracy of this information or reports, and assume no responsibility for their accuracy.

Except as otherwise noted, all the data and forecast in this section are derived from the JLL Report.

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

### OVERVIEW OF THE PRC ECONOMY

Since the adoption of market reform in late 1970s, China has experienced rapid economic development. In the past few years, the nominal GDP of China increased from RMB34,563 billion in 2009 to RMB63,614 billion in 2014, representing a CAGR of 13.0%. Over the same period, the nominal GDP per capita increased at a CAGR of 12.4% from RMB25,963 in 2009 to RMB46,629 in 2014.

The table below sets out selected economic indicators of China for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	1,335	1,341	1,347	1,354	1,361	1,368	0.5%
Nominal GDP (RMB billion)	34,563	40,890	48,412	53,412	58,802	63,614	13.0%
Real GDP growth (%)	9.2	10.6	9.5	7.7	7.7	7.3	8.7%*
GDP per capita (RMB)	25,963	30,567	36,018	39,544	43,320	46,629	12.4%

*Source: China Statistical Yearbook (2010-2015), National Bureau of Statistics of China (“NBSC”)*

*Note: \* is the arithmetic mean*

### OVERVIEW OF THE REAL ESTATE MARKET IN THE PRC

#### Key growth drivers of the real estate market in the PRC

The main growth drivers of the real estate market in the PRC include growth of urban population, accelerating urbanisation, increases in disposable income and consumption of urban households.

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## INDUSTRY OVERVIEW

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### *Growth of urban population*

According to the NBSC, the urban population of China was 749 million in 2014 and the CAGR of urban population reached 3.0% during the period from 2009 to 2014, while the CAGR of total population was 0.5% over the same period. It is expected that the accelerated growth of urban population will bring about increasing demand for investment in urban infrastructure.

### *Accelerating urbanisation*

Rapid economic development of the economy of China boosted the pace of urbanisation. The urbanisation ratio increased from approximately 48.3% in 2009 to 54.8% in 2014, representing a CAGR of 2.6%.

The table below sets out information on China's urbanisation rate for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Urban population (million)	645	670	691	712	731	749	3.0%
Population (million)	1,335	1,341	1,347	1,354	1,361	1,368	0.5%
Urbanisation (%)	48.3	50.0	51.3	52.6	53.7	54.8	2.6%

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Source: China Statistical Yearbook (2010-2015), NBSC

According to the National Plan on New Urbanisation (2014-2020) promulgated by the State Council, the level and quality of urbanisation in the PRC is expected to maintain steady growth in the near future and the urbanisation rate of the PRC is expected to reach 60% by 2020. It is expected that about 100 million migrant workers and other permanent urban residents would obtain urban status.

### *Increase in disposable income and expenditure or urban households*

Along with the rapid economic development in China, the income of urban residents experienced growth in recent years. The disposable income per capita of urban residents increased from RMB17,175 in 2009 to RMB29,381 in 2014, representing a CAGR of 11.3%.

### **Real estate market in the PRC**

As a result of continuous urbanisation and increasing disposable income, property investment and property prices continued to grow in the past few years. Real estate investment in residential properties increased at a CAGR of 20.2% from RMB2,561 billion in 2009 to RMB6,435 billion in 2014, while real estate investment in retail properties increased at a CAGR of 28.0% from RMB418 billion in 2009 to RMB1,435 billion in 2014.

## INDUSTRY OVERVIEW

The table below sets out selected data relating to the real estate market in the PRC for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Real estate investment in residential properties (RMB billion)	2,561	3,403	4,432	4,937	5,895	6,435	20.2%
Real estate investment in retail properties (RMB billion)	418	565	742	931	1,194	1,435	28.0%
GFA of residential properties completed (million sq.m.)	596	634	743	790	787	809	6.3%
GFA of retail properties completed (million sq.m.)	—	—	—	102	109	121	—
GFA of residential properties sold (million sq.m.)	862	934	965	985	1,157	1,052	4.1%
GFA of retail properties sold (million sq.m.)	53	70	79	78	85	91	11.4%
Average price of residential properties (RMB per sq.m.)	4,459	4,725	4,993	5,430	5,850	5,933	5.9%
Average price of retail properties (RMB per sq.m.)	6,871	7,747	8,488	9,021	9,777	9,817	7.4%

*Source: China Statistical Yearbook (2010-2015), NBSC*

The average price of residential properties increased at a CAGR of 5.9% from RMB4,459 per sq.m. in 2009 to RMB5,933 per sq.m. in 2014, while the average price of retail properties increased at a CAGR of 7.4% from RMB6,871 per sq.m. to RMB9,817 per sq.m. in 2014.

It is expected that the first-tier cities and major second- and third-tier cities will continue to witness property price growth given their solid economic foundation and increasing urbanisation.

### OVERVIEW OF JIANGSU PROVINCE

#### Jiangsu Province

Jiangsu Province is located at the eastern side of the PRC and borders Shandong to the north, Anhui to the west and Zhejiang and Shanghai to the south. It covers a total area of approximately 102,600 sq.km. Jiangsu Province is one of the important economic and commercial centers in China.

#### *Economy of Jiangsu Province*

Jiangsu Province enjoyed rapid economic development at double-digit growth rate for 21 consecutive years from 1992 to 2012. Since 2013, Jiangsu Province has transformed its economy and the economy has maintained moderate growth ever since. Its GDP increased from RMB3,446 billion in 2009 to RMB6,509 billion in 2014, representing a CAGR of 13.6%. Disposable income per capita increased from RMB20,552 to RMB34,346 in 2014, representing a CAGR of 10.8%.

## INDUSTRY OVERVIEW

The table below sets out selected major economic indicators of Jiangsu Province for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	78.1	78.7	79.0	79.2	79.4	79.6	0.4%
Nominal GDP (RMB billion)	3,446	4,143	4,911	5,406	5,916	6,509	13.6%
Real GDP growth rate (%)	12.4	12.7	11.0	10.1	9.6	8.7	10.8%*
GDP per capita (RMB)	44,253	52,840	62,290	68,347	74,607	81,874	13.1%
Per capita disposable income (RMB)	20,552	22,944	26,341	29,677	32,538	34,346	10.8%
Urbanisation (%)	55.6	60.6	61.9	63.0	64.1	65.2	3.2%

Source: Jiangsu Statistics Bureau

Note: \* is the arithmetic mean

### *Real estate market in Jiangsu Province*

The residential real estate market in Jiangsu Province experienced a decline in momentum since 2012, as reflected by the downward trend of GFA of residential properties completed in the region. GFA of residential properties sold in 2014 dropped to 88.0 million sq.m. from the peak in 2013 at 101.9 million sq.m. On the other hand, real estate investment in residential properties increased from RMB242 billion in 2009 to RMB592 billion in 2014, representing a CAGR of 19.6%.

The table below sets out selected market indicators of the real estate market in Jiangsu Province for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Fixed asset investment (RMB billion)	1,895	2,318	2,631	3,171	3,598	4,155	17.0%
Real estate investment (RMB billion)	334	430	557	621	724	824	19.8%
Real estate investment — residential (RMB billion)	242	316	409	435	517	592	19.6%
Real estate investment — commercial (RMB billion)	51	61	74	98	112	129	20.4%
Real estate investment — office (RMB billion)	13	15	20	26	32	38	23.9%
GFA of residential properties completed (million sq.m.)	67.3	65.5	64.8	76.9	75.8	72.6	1.5%
GFA of residential properties sold (million sq.m.)	90.3	81.1	67.7	79.2	101.9	88.0	-0.5%

Source: Jiangsu Statistics Bureau

## INDUSTRY OVERVIEW

### REAL ESTATE MARKETS OF SELECTED CITIES IN JIANGSU PROVINCE

#### Nanjing City

Nanjing City maintained stable GDP growth with real GDP growth rate ranging from 10.1% to 13.1% between 2009 and 2014. Its GDP increased from RMB423 billion in 2009 to RMB882 billion in 2014, representing a CAGR of 15.8%. Disposable income per capita increased from RMB25,504 in 2009 to RMB42,568 in 2014, representing a CAGR of 10.8%.

The table below sets out selected major economic indicators of Nanjing City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	7.7	8.0	8.1	8.2	8.2	8.2	1.3%
Nominal GDP (RMB billion)	423	501	615	720	801	882	15.8%
Real GDP growth rate (%)	11.5	13.1	12.0	11.7	11.0	10.1	11.6%*
GDP per capita (RMB)	55,290	63,771	76,263	88,525	98,011	107,545	14.2%
Per capita disposable income (RMB)	25,504	28,312	32,200	36,322	39,881	42,568	10.8%

*Source: Nanjing Statistics Bureau*

*Note: \* is the arithmetic mean*

#### Real estate market in Nanjing City

Real estate investment in Nanjing City has been on an upward trend since 2004. Real estate investment in Nanjing City increased from RMB60 billion in 2009 to RMB113 billion in 2014, representing a CAGR of 13.5%.

In 2011, Nanjing City promulgated restrictions on property purchase and mortgage loans in response to the eight real estate market regulatory measures promulgated by the State Council, which led to a decrease in GFA of both residential and retail properties sold in that year. In 2014, the restrictions were lifted and the real estate market began to recover.

The table below sets out selected market indicators of the real estate market in Nanjing City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Real estate investment (RMB billion)	60	75	90	102	112	113	13.5%
GFA of residential properties completed (million sq.m.)	12.3	7.4	8.6	13.6	7.5	7.2	-10.2%
GFA of residential properties sold (million sq.m.)	11.1	7.5	6.8	8.8	11.4	11.2	0.2%
Average price of residential properties (RMB per sq.m.)	6,893	9,227	8,415	9,675	11,078	10,964	9.7%
GFA of retail properties completed (million sq.m.)	1.26	1.16	1.06	1.12	0.79	0.64	-12.7%
GFA of retail properties sold (million sq.m.)	0.42	0.44	0.35	0.29	0.44	0.42	0%
Average price of retail properties (RMB per sq.m.)	12,234	15,100	16,686	17,847	19,714	16,813	6.6%

*Source: Nanjing Statistics Bureau*

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## INDUSTRY OVERVIEW

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There was an upward trend in average price of residential properties with a CAGR of 9.7% during the period from 2009 to 2014, except for a slight drop to RMB8,415 per sq.m. in 2011. The average price of retail properties remained on an upward trend despite the promulgation of various regulations until the decline in 2014 to RMB16,813 per sq.m.

### Changzhou City

Changzhou City is located in the northern part of Jiangsu Province, bordering Zhenjiang to the west and Wuxi to the east and lies between two major metropolises, Shanghai and Nanjing City. Changzhou City has been a national tourist hub and one of the national and provincial industrial centers. It covers an area of around 4,372 sq.km.

### Wujin District

Wujin District experienced rapid economic growth between 2009 and 2014 and its GDP growth rate exceeded that of Changzhou City. Its GDP increased from RMB96.5 billion in 2009 to RMB190.5 billion in 2014, representing a CAGR of 14.6%. Disposable income per capita increased from RMB24,592 in 2009 to RMB41,363 in 2014, representing a CAGR of 11.0%.

The table below sets out selected major economic indicators of Wujin District for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	0.99	1.00	1.01	1.02	1.03	1.04	1.0%
Nominal GDP (RMB billion)	96.5	116.4	137.7	153.7	172.6	190.5	14.6%
Real GDP growth rate (%)	15.1	13.5	12.0	12.0	12.2	10.2	12.5%*
GDP per capita (RMB)	68,681	78,020	87,075	96,133	107,543	118,557	11.5%
Per capita disposable income (RMB)	24,592	27,222	31,003	34,971	38,330	41,363	11.0%

Source: Wujin Statistics Bureau

Notes: \* is the arithmetic mean

### Real estate market in Wujin District

Rapid economic growth and the population's purchasing power attracted real estate investment in residential properties into Wujin District. While real estate investment in Wujin District increased at a CAGR of 21.5% from RMB7.25 billion in 2009 to RMB19.20 billion in 2014, investment in retail properties decreased over the period due to decrease in demand for retail properties.



## INDUSTRY OVERVIEW

The table below sets out selected market indicators of the real estate market in Wujin District for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Real estate investment (RMB billion)	7.25	10.18	13.92	13.93	17.34	19.20	21.5%
GFA of residential properties completed (million sq.m.)	1.81	1.40	1.06	1.58	1.95	1.33	-6.0%
GFA of residential properties sold (million sq.m.)	2.03	2.27	1.54	1.88	2.36	1.95	-0.8%
Average price of residential properties (RMB per sq.m.)	4,465	5,828	6,763	6,276	6,201	10,000	17.5%
GFA of retail properties completed (million sq.m.)	0.34	0.75	0.29	0.50	0.31	0.26	-5.2%
GFA of retail properties sold (million sq.m.)	0.40	0.32	0.21	0.20	0.19	0.22	-11.3%
Average price of retail properties (RMB per sq.m.)	7,458	7,189	8,937	10,244	9,466	10,000	6.0%

*Source: Wujin Statistics Bureau*

The average price of residential properties reached its peak at RMB10,000 per sq.m. in 2014. The average price of retail properties reached its peak at approximately RMB10,244 per sq.m. in 2012 and maintained growth at a CAGR of 6.0% during the period from 2009 to 2014.

### Taizhou City

Taizhou City is a prefecture-level city in central Jiangsu Province in eastern China. Situated on the north bank of the Yangtze River, it borders Nantong to the east, Yancheng to the north and Yangzhou to the west. Taizhou City consists of three districts and three county-level cities, namely Hailing District, Gaogang District, Jiangyan District, Xinghua City, Taixing City and Jingjiang City. It covers an area of around 5,787 sq.km.

### Taixing City

The rate of GDP growth of Taixing City declined in the past few years. The population of Taixing City remained stable at approximately 1.2 million from 2009 to 2014. Its GDP increased from RMB33.7 billion in 2009 to RMB67.6 billion in 2014, representing a CAGR at 14.9%. Disposable income per capita increased from RMB17,849 in 2009 to RMB31,038 in 2014, representing a CAGR of 11.7%.

The table below sets out selected major economic indicators of Taixing City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Nominal GDP (RMB billion)	33.7	40.8	48.6	54.4	61.1	67.6	14.9%
Real GDP growth rate (%)	13.7	14.1	12.6	12.8	11.9	11.9	12.8%*
GDP per capita (RMB)	31,490	37,982	45,267	50,637	56,735	62,775	14.8%
Per capita disposable income (RMB)	17,849	20,026	23,391	26,338	28,840	31,038	11.7%

*Source: Taixing Statistics Bureau*

*Note: \* is the arithmetic mean*

## INDUSTRY OVERVIEW

### *Real estate market in Taixing City*

The development of the real estate market in Taixing City began relatively late. From 2009 to 2014, real estate investment in Taixing City increased at a CAGR of 41.8% from RMB0.96 billion to RMB5.51 billion.

The development of residential properties commenced after that of retail properties. In addition, the development of retail properties grew at a higher rate than that of residential properties. The supply of residential properties in terms of GFA completed increased at a CAGR of 8.1% from 2009 to 2014, while that of retail properties increased at a CAGR of 118.7% between 2009 and 2014. The demand for residential properties in terms of GFA sold grew at a CAGR of 3.1% during the period between 2010 and 2014.

The table below sets out selected market indicators of the real estate market in Taixing City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Real estate investment (RMB billion)	0.96	1.94	2.66	3.32	3.95	5.51	41.8%
GFA of residential properties completed (million sq.m.)	0.23	0.38	0.63	0.50	0.47	0.34	8.1%
GFA of residential properties sold (million sq.m.)	—	0.78	0.43	0.53	0.77	0.88	3.1%*
Average price of residential properties (RMB per sq.m.)	—	4,764	5,594	5,910	5,863	5,941	5.7%*
GFA of retail properties completed (million sq.m.)	0.002	0.03	0.15	0.04	0.05	0.10	118.7%
GFA of retail properties sold (million sq.m.)	—	0.05	0.07	0.05	0.05	0.04	-5.4%*
Average price of retail properties (RMB per sq.m.)	—	5,637	7,705	10,203	8,957	9,285	13.3%*

Source: Taixing Statistics Bureau

Note: \* is based on data from 2010 to 2014

There was an upward trend in average price of residential properties with a CAGR of 5.7% during the period from 2010 to 2014, except for a drop to RMB5,863 per sq.m. in 2013. The average price of retail properties reached its peak at approximately RMB10,203 per sq.m. in 2012 and maintained growth at a CAGR of 13.3% during the period between 2010 and 2014.

### *Jiangyan District*

The GDP of Jiangyan District increased from RMB25.58 billion in 2009 to RMB48.85 billion in 2014, representing a CAGR of 13.8%. Disposable income per capita increased from RMB18,147 in 2009 to RMB31,375 in 2014, representing a CAGR of 11.6%.

The table below sets out selected major economic indicators of Jiangyan District for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	0.75	0.73	0.73	0.73	0.73	0.73	-0.5%
Nominal GDP (RMB billion)	25.58	30.68	36.41	40.59	45.29	48.85	13.8%
Real GDP growth rate (%)	13.5	14.1	12.1	12.1	11.6	11.1	12.4%*
GDP per capita (RMB)	34,395	42,085	49,915	55,635	62,086	66,921	14.2%
Per capita disposable income (RMB)	18,147	20,352	23,746	26,714	29,306	31,375	11.6%

## INDUSTRY OVERVIEW

*Source: Jiangyan Statistics Bureau*

*Note: \* is the arithmetic mean*

### *Real estate market in Jiangyan District*

Real estate investment in Jiangyan District grew at a CAGR of approximately 26.9% from 2009 to 2014, increasing from RMB1.58 billion in 2009 to RMB5.19 billion in 2014.

The table below sets out selected market indicators of the real estate market in Jiangyan District for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Real estate investment (RMB billion)	1.58	2.54	3.49	3.28	3.72	5.19	26.9%
GFA of properties completed (million sq.m.)	0.55	0.62	0.44	0.54	1.03	1.73	25.8%
GFA of properties sold (million sq.m.)	0.57	0.83	0.80	0.55	0.88	0.89	9.3%
Average price of properties (RMB per sq.m.)	3,396	4,228	4,784	5,177	4,920	5,044	8.2%

*Source: Jiangyan Statistics Bureau*

*Note: Information on residential and retail properties, on a stand-alone basis, is not available. The properties referred to above include residential properties, commercial properties and other properties developed by a property developer.*

The average price of properties maintained moderate growth from RMB3,396 per sq.m. in 2009 to RMB5,044 per sq.m. in 2014, representing a CAGR of 8.2%.

### **Suqian City**

Suqian City experienced rapid economic growth between 2009 and 2014. Its GDP increased from RMB82.69 billion in 2009 to RMB193.07 billion in 2014, representing a CAGR of 18.5%. Disposable income per capita increased from RMB12,230 in 2009 to RMB20,396 in 2014, representing a CAGR of 10.8%.

The table below sets out selected major economic indicators of Suqian City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	4.73	4.72	4.77	4.80	4.82	4.84	0.5%
Nominal GDP (RMB billion)	82.69	106.41	132.08	152.20	170.63	193.07	18.5%
Real GDP growth rate (%)	13.5	13.7	12.8	13.0	12.5	10.8	12.7%*
GDP per capita (RMB)	17,460	22,525	27,839	31,827	35,484	39,963	18.0%
Per capita disposable income (RMB)	12,230	12,758	14,972	16,991	18,846	20,396	10.8%

*Source: Suqian Statistical Bureau*

*Note: \* is the arithmetic mean*

## INDUSTRY OVERVIEW

### *Real estate market in Suqian City*

For a number of years real estate investment in Suqian City accounted for approximately a quarter of the fixed asset investment of the same year. Real estate investment reached RMB37.71 billion in 2014, which was a three-fold increase from RMB11.74 billion in 2009, representing a CAGR of 26.3%.

The table below sets out selected market indicators of the real estate market in Suqian City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Real estate investment (RMB billion)	11.74	14.76	18.99	21.86	30.55	37.71	26.3%
GFA of residential properties completed (million sq.m.)	3.34	3.86	2.80	3.80	5.27	5.03	8.5%
GFA of residential properties sold (million sq.m.)	4.60	5.09	3.91	4.40	7.45	5.24	2.6%
Average price of residential properties (RMB per sq.m.)	2,045	2,471	3,277	3,407	3,423	3,371	10.5%
GFA of retail properties completed (million sq.m.)	0.77	0.88	0.69	1.10	0.56	1.31	11.2%
GFA of retail properties sold (million sq.m.)	0.68	0.83	0.61	0.66	0.69	0.50	-6.0%
Average price of retail properties (RMB per sq.m.)	4,004	4,447	7,237	5,275	6,511	6,864	11.4%

*Source: Suqian Statistical Bureau*

The average price of residential properties was on an upward trend and reached RMB3,371 per sq.m. in 2014, representing a CAGR of 10.5% during the period between 2009 and 2014.

### *Siyang County*

As one of the three counties of Suqian City, Siyang County benefited from the Economic Belt along the Yangtze River. The GDP of Siyang County grew continuously at a CAGR of 16.1% in the past few years from RMB15.76 billion in 2009 to RMB33.22 billion in 2014, ranking second among the three counties. The disposable income per capita increased from RMB10,760 in 2009 to RMB19,909 in 2014, representing a CAGR of 13.1%.

The table below sets out selected major economic indicators of Siyang County for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	0.86	0.83	0.84	0.85	0.84	0.84	-0.5%
Nominal GDP (RMB billion)	15.76	19.22	23.82	27.37	30.55	33.22	16.1%
Real GDP growth rate (%)	14.1	13.8	13.0	12.9	12.7	10.7	12.9%*
GDP per capita (RMB)	18,371	22,732	28,456	32,357	36,108	39,318	16.4%
Per capita disposable income (RMB)	10,760	12,428	14,553	16,474	18,270	19,909	13.1%

*Source: Siyang Statistical Bureau*

*Note: \* is the arithmetic mean*

## INDUSTRY OVERVIEW

### *Real estate market in Siyang County*

In Siyang County, the domestic government strongly supported property development. Real estate investment was on upward trend from RMB2.08 billion in 2009 to RMB5.65 billion in 2014, representing a CAGR of 22.1%.

The table below sets out selected market indicators of the real estate market in Siyang County for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Real estate investment (RMB billion)	2.08	2.51	3.14	3.93	4.78	5.65	22.1%
GFA of residential properties completed (million sq.m.)	0.22	0.86	0.80	0.89	0.41	0.57	21.0%
GFA of residential properties sold (million sq.m.)	0.97	1.04	0.61	0.91	1.29	0.86	-2.4%
Average price of residential properties (RMB per sq.m.)	2,034	2,264	3,399	3,051	3,559	3,385	10.7%
GFA of retail properties completed (million sq.m.)	0.18	0.44	0.22	0.25	0.06	0.08	-15.0%
GFA of retail properties sold (million sq.m.)	0.17	0.24	0.12	0.16	0.14	0.07	-16.3%
Average price of retail properties (RMB per sq.m.)	4,136	4,282	4,975	4,347	6,916	9,431	17.9%

*Source: Siyang Statistical Bureau*

The average price of residential properties increased from RMB2,034 per sq.m. in 2009 to RMB3,385 per sq.m. in 2014, representing a CAGR of 10.7% during the period between 2009 and 2014. The average price of retail properties increased from approximately RMB4,136 per sq.m. in 2009 to approximately RMB9,431 per sq.m. in 2014, representing a CAGR of 17.9% during the period between 2009 and 2014.

### **Yangzhou City**

Yangzhou City maintained rapid economic growth with double-digit real GDP growth rate for the past few years, which is higher than the average national level. Its GDP increased from RMB185.6 billion in 2009 to RMB369.8 billion in 2014, representing a CAGR of 14.8%. The disposable income per urban resident in Yangzhou City increased steadily from RMB19,416 in 2009 to RMB30,322 in 2014, representing a CAGR of 9.3%.

The table below sets out selected major economic indicators of Yangzhou City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009–2014 CAGR
Population (million)	4.59	4.59	4.60	4.58	4.60	4.61	0.1%
Nominal GDP (RMB billion)	185.6	222.9	263.0	293.3	325.2	369.8	14.8%
Real GDP growth rate (%)	13.9	14.8	12.6	12.0	12.1	11.0	12.7%*
GDP per capita (RMB)	41,406	49,786	58,950	65,692	72,775	82,654	14.8%
Disposable income per urban resident (RMB)	19,416	21,766	24,780	28,001	30,690	30,322	9.3%

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## INDUSTRY OVERVIEW

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Source: Yangzhou Statistics Bureau

Note: \* is the arithmetic mean

### Real estate market in Yangzhou City

Real estate investment in Yangzhou City grew at a CAGR of 22.7% from 2009 to 2014, increasing from RMB12.95 billion in 2009 to RMB36.04 billion in 2014.

The table below sets out selected market indicators of the real estate market in Yangzhou City for the years indicated.

	2009	2010	2011	2012	2013	2014	2009-2014 CAGR
Real estate investment (RMB billion)	12.95	16.52	19.77	23.58	31.59	36.04	22.7%
GFA of residential properties completed (million sq.m.)	4.3	3.7	3.2	4.4	4.8	4.8	2.2%
GFA of residential properties sold (million sq.m.)	5.1	6.3	5.5	5.4	6.4	5.7	2.2%
Average price of residential properties (RMB per sq.m.)	4,381	4,847	6,026	6,025	6,190	6,472	8.1%
GFA of retail properties completed (million sq.m.)	—	—	—	0.67	0.43	0.60	—
GFA of retail properties sold (million sq.m.)	—	—	—	0.45	0.31	0.43	—
Average price of retail properties (RMB per sq.m.)	—	—	—	8,553	11,277	10,183	—

Source: Yangzhou Statistics Bureau

Notes: data on retail properties before 2012 is not available

The average price of residential properties increased from RMB4,381 per sq.m. in 2009 to RMB6,472 per sq.m. in 2014, representing a CAGR of 8.1%. The average price of retail properties increased from RMB8,553 per sq.m. in 2012 to RMB11,277 per sq.m. in 2013, followed by a drop to RMB10,183 per sq.m. in 2014.

### COMPETITION IN THE PROPERTY DEVELOPMENT MARKET IN THE PRC

The property development market in the PRC and Jiangsu Province is highly fragmented as competition has intensified over the past few years. We primarily face competition from national, regional and local property developers, and, to a lesser extent, international property developers which focus on residential and commercial property development in the PRC. We mainly compete with other property developers over brand recognition, financial resources, and pricing, etc. Our competitors may have more experience and resources than we do.

The real estate market in the southern part of Jiangsu Province is highly competitive and market players in this area include companies which are listed on the Stock Exchange. The established reputation of these developers poses a high entry barrier in the southern part of Jiangsu Province. As for the northern part of Jiangsu Province, the real estate market has been booming in recent years along with the national real estate market. Nonetheless, economic development in the northern part of Jiangsu Province still lags behind that in the south. Average property prices in the northern part of Jiangsu Province are lower than those in the south. The market capacity of the northern part of Jiangsu Province is also smaller. A relatively small market capacity is the main barrier for new property developers to enter into the real estate market in the northern part of Jiangsu Province.



## INDUSTRY OVERVIEW

We believe that the property market in the PRC still has growth potential. We believe that major entry barriers of the real estate market in the PRC include large financial commitment, limited knowledge of and brand recognition in the local property market. We believe that with our experience in property development, our brand name, our product quality and our experienced management team, we are able to respond promptly and effectively to challenges in the PRC property market. Please refer to the section headed “Business — Competition” in this prospectus for further details on the competitive landscape of the real estate market in the PRC.

### LAND PRICE AND PRICES OF KEY CONSTRUCTION MATERIALS

Land price is a crucial factor for real estate developers when operating business. In general, land cost is anticipated to continue to increase in the future, creating more pressure on real estate developers.

The table below sets out the site area sold and the average site value over the years indicated of Bohai Coastal region, Northeastern region, Yangtze River Delta region, Pearl River Delta region and Central-western region:

	2009	2010	2011	2012	2013	2014	2015	2009–2015 CAGR
Total site area sold (million sq.m.)	828	1,238	2,691	2,922	2,975	1,715	1,950	15.3%
Average site value — residential (RMB per sq.m.)	2,972	3,336	2,404	2,419	3,078	3,904	3,934	4.8%
Average site value — retail and office (RMB per sq.m.)	2,570	2,809	2,156	1,864	2,623	3,047	3,002	2.6%

Source: CREIS

Construction material cost is also an important factor for real estate developers and steel and cement make up a major part of the cost of construction materials.

The table below sets out price index of steel and cement over the years indicated.

	2009	2010	2011	2012	2013	2014	2015	2009–2015 CAGR
Steel Product Price Index	3,910	4,760	4,480	3,800	3,600	2,840	2,040	-10.3%
The China Producer Price Index — Manufacture of Cement*	95.3	112.2	112.3	92.2	102.8	92.3	85.5	-1.8%

Source: Standard Commodity Trade Centre (西本新幹線電子商務有限公司), Bloomberg

Note: \* preceding year = 100

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## REGULATORY OVERVIEW

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### REGULATORY OVERVIEW

This section sets out 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

According to 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) (the “Urban Real Estate Law”) promulgated by the SCNPC, effective on 1 January 1995, amended on 30 August 2007, 27 August 2009 and 23 September 2012, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profit. Under the *Regulations on Administration of Development of Urban Real Estate* (城市房地產開發經營管理條例) (the “Development Regulations”) promulgated and implemented by the State Council on 20 July 1998 and amended on 8 January 2011, an enterprise which is to engage in development of real estate shall satisfy the following requirements: 1) its registered capital shall be RMB1 million or more; and 2) it shall have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall 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 shall 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 26 April 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 on Adjusting the Portion of Capital Fund for Fixed Assets Investment* (關於調整固定資產投資項目資本金比例的通知) issued by the State Council on 25 May 2009 has 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 has been reduced to 30%. In addition, under the *Notice on Adjusting and Perfecting the System of Capital Fund for Fixed Assets Investment* (國務院關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on 9 September 2015, the minimum portion of capital funding for Social Welfare Housing and general commercial residence remains at 20%, while the minimum portion of capital funding for other real estate projects has been reduced from 30% to 25%.

#### Foreign-Invested Real Estate Enterprises

Pursuant to the *Foreign Investment Industrial Guidance Catalogue* (2015 Revision) (the “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 10 March 2015 and enforced on 10 April 2015, foreign investment in enterprises engaged in the development of villas and golf courses falls within the category of prohibited industries, while foreign investment related to other kinds of real estate development falls within the category of industries in which foreign investment is permitted.

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## REGULATORY OVERVIEW

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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 31 October 2014 and implemented on the same day, NDRC shall examine and approve foreign investment projects with a total investment of US\$1,000 million or more that fall under the category of industries in which foreign investment is encouraged or permitted. Real estate projects falling into the restricted category as listed in the Foreign Investment Industrial Guidance Catalogue shall be approved by the provincial government.

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

On 11 July 2006, the Ministry of Construction (中華人民共和國建設部), MOFCOM, NDRC, PBOC the SAIC and the SAFE jointly promulgated *Opinions on Standardising the Admittance and Administration of Foreign Capital in the Real Estate Market* (關於規範房地產市場外資准入和管理的意見) (the “Opinions”), 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 FIREE in accordance with applicable PRC laws and may only conduct operations within the authorised business scope. The Opinions attempts to impose additional restrictions on the establishment and operation of FIREEs 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 have not been obtained. In addition, the Opinions also limits the ability of foreign individuals to purchase commodity residential properties in China. For the purpose of this section, “commodity residential properties” means residential properties developed by a property developer for sale.

On 14 August 2006, The General Office of 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 not only reiterates relevant provisions on foreign investment in real estate industry as prescribed in the Opinions, but also sets out the definition of FIREE as foreign invested enterprise which carries out construction and operation of a variety of residences such as ordinary residences, apartments, 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 19 August 2015, Ministry of Housing and Urban-Rural Development (“MOHURD”), NDRC, PBOC, SAIC and SAFE jointly promulgated the *Circular of the Ministry of Housing and Urban-rural Development and Other Authorities on Adjusting Policies on the Market Access and Administration of Foreign Investment in the Real Estate Market* (《關於調整房地產市場外資准入和管理有關政策的通知》). Pursuant to the circular, the ratio of registered capital to total investment of FIREEs shall be subject to the *Tentative Regulations of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures* (《國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定》) and the requirement that a foreign invested real estate company must fully pay its registered capital before handling the procedures for domestic loans, foreign loans and settlement of foreign exchange loans has been lifted. Furthermore, the circular has simplified the foreign exchange registration procedures for FIREEs.

On 23 May 2007, MOFCOM and SAFE promulgated the *Circular on Further Strengthening and Regulating the Approval and Supervision of Real Estate Industry with Direct Foreign Investment* (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) (the “Circular 50”). Under Circular 50, prior to applying for establishment of real estate companies, foreign investors must first obtain land use

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rights and building ownership or must have entered into pre-sale or pre-grant agreements with respect to the 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 investment. In addition, the local PRC governmental authorities must file with MOFCOM for record their approval 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 10 June 2010, the establishment and change matters of foreign invested enterprises in relation to projects being encouraged and permitted with total investment less than USD300 million and those subject to restrictions with total investment less than USD50 million are examined and approved by competent municipal commerce departments at provincial or sub-provincial level.

The General Affairs Department of SAFE issued the *Circular Concerning the Distribution of the List of the First Foreign-Invested Real Estate Projects Having Passed the Filing Procedures of the Ministry of Commerce* (《關於下發第一批通過商務部備案的外商投資房地產項目名單的通知》) (the “No. 130 Circular”) on 10 July 2007 to further restrict foreign investment in the real estate sector in China. According to the No. 130 Circular,

- (a) SAFE or its branches shall not go through the formalities of foreign exchange registration (or alteration) or settlement and sale under the capital accounts for FIREEs (including new establishment and increase in capital) which were granted approval certificates by the competent authority of commerce but have not filed with MOFCOM on or after 1 June 2007; and
- (b) SAFE or its branches shall not approve the foreign debt registration or settlement for FIREEs which were granted approval certificates by the competent authority of commerce and have filed to MOFCOM for record on or after 1 June 2007.

Although this notice was repealed in May 2013, the restrictions and requirements remain in effect.

On 18 June 2008, MOFCOM issued the *Circular on Properly Handling the Filing of Foreign Investment in the Real Estate Sector* (《關於做好外商投資房地產業備案工作的通知》) (the “No. 23 Circular”), which has become effective on 1 July 2008. According to the No. 23 Circular:

- (a) MOFCOM entrusts provincial competent authorities of commerce to verify the filing materials of FIREEs;
- (b) the establishment (including increase in capital) of a FIREE shall comply with the project company principle, and the business of the FIREE is limited to a single approved real estate project only.

On 22 November 2010, MOFCOM promulgated the *Circular on Strengthening Administration of the Approval and Filing of Foreign Investment in the Real Estate Sector* (《關於加強外商投資房地產業審批備案管理的通知》), which provides that a real estate enterprise established in China with foreign capital is prohibited from arbitraging by purchasing and selling domestic properties which have been completed or which are under construction; local competent authorities of commerce shall not approve investment

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companies engaging in real estate development and operation, and shall strictly control the establishment of real estate enterprises in China by way of round-trip investment.

On 24 June 2014, MOFCOM and SAFE jointly promulgated the *Circular on Improving the Filing Procedure of Foreign Investment in the Real Estate Sector* (《關於改進外商投資房地產備案工作的通知》) (the “No. 340 Circular”), which became effective on 1 August 2014. According to the No. 340 Circular, the filing procedure of foreign investment in the real estate sector has been simplified. According to the No. 340 Circular, the provincial MOFCOM branch and other relevant authorities shall jointly verify the paper documents provided by FIREEs and the digital data in the filing system in accordance with relevant laws and regulations, and then MOFCOM shall make random inspections weekly after aforementioned verifications.

On 6 November 2015, MOFCOM and SAFE jointly promulgated the *Circular of the Ministry of Commerce and the State Administration of Foreign Exchange on Further Improving the Filing of Foreign Investments in Real Estate* (《商務部、外匯局關於進一步改進外商投資房地產備案工作的通知》) which has simplified the administrative procedures for FIREEs. According to the circular, the local departments shall approve the establishment and changes of FIREEs in accordance with the laws and statutes concerning foreign investment, and provide information on real estate projects in the foreign investment information system of MOFCOM. On 30 March 2015, SAFE promulgated the *Notice on Reforming the Administrative Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises* (《關於改革外商投資企業外匯資金結匯管理方式的通知》) (the “SAFE Notice 19”), which took effect on 1 June 2015. The notice provides that foreign-invested enterprises shall be allowed to settle their foreign exchange capitals on a discretionary basis. For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis. Renminbi funds derived from foreign exchange capital settlement of a foreign-invested enterprise shall be used within the business scope approved by the governmental authority and foreign-invested enterprises other than FIREEs shall not purchase non-self-occupied domestic properties with Renminbi funds derived from foreign exchange capital settlement. Except for the transfer of equity investment payments in their original currencies, a foreign-invested enterprise whose main business is investment is allowed to directly settle its foreign exchange capital or transfer the Renminbi funds under its account for foreign exchange settlement pending payment to the account of an invested enterprise according to the actual amount of investment, provided that the relevant domestic investment project is real and compliant.

### **Qualification of a Real Estate Developer**

#### *Classification of a real estate enterprise's 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) (the “Provisions on Administration of Qualifications”) promulgated by the Ministry of Construction of PRC and implemented on 29 March 2000, a real estate developer shall 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.



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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 shall be 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 and there is no limitation on the construction scale for an enterprise who holds a class 1 qualification. Procedures for approval of developers of class 2 or lower shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and the GFA of each project developed by an enterprise who holds a class 2 or lower qualification shall not exceed 250,000 sq.m. 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 latter shall 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 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 sq.m. and the specific scope of business shall be as formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

### ***Annual inspection of a real estate developer***

Pursuant to the Provisions on Administration of Qualifications, the qualification of a real estate developer should be subject to annual inspection. The construction authority under the State Council or its authorised institution is responsible for conducting the annual inspection of the qualification of class 1 real estate developers. Measures for annual inspection of developers of class 2 or lower qualification shall be formulated by the construction authorities under the people's government of the relevant province, autonomous region or provincial-level municipality.

## **REGULATIONS ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS**

### **Land Grants**

In April 1988, the National People's Congress of the PRC (the "NPC") passed an amendment to the Constitution of the PRC. The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. In December 1988, the SCNPC amended the *Land Administration Law of the PRC* (《中華人民共和國土地管理法》) to permit the transfer of land use rights for value.



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Under 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) (the “Provisional Regulations on Grant and Transfer”) promulgated by the State Council on 19 May 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay land premium 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 shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall 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.

Under 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 Ministry of Land and Resources (the “MLR”) on 9 May 2002 and implemented on 1 July 2002 (the “2002 Regulations”) and revised on 28 September 2007 with the name *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 1 November 2007, land for industry (except land for mining), commercial use, tourism, entertainment and residential commodity properties, or where there are two or more intended users for a certain piece of land must be granted by way of public tender, public 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 shall apply for land registration and obtain the 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 stipulates that for listings on a land exchange, the time period for accepting bids must be no less than ten days. Following the 2002 Regulations, the MLR and the Ministry of Supervision issued 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 18 March 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR and the Ministry of Supervision required that beginning from 31 August 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with for the reason of problems left from history. 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 General Office of the State Council on 29 April 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. On 13 May 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) an explanation of improvements in the transparency of the system of tenders, auctions and listings for

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housing land; (iii) an 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 an odd number of members of at least five (including a representative of the grantor and relevant expert) shall 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 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, among other things, the location, 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 11 June 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 profit-oriented land for commercial use, 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 shall be granted by means of tender, auction or listing-for-sale.

*Circular on Facilitating the Continuously Healthy Development of Property Market* (關於促進房地產市場持續健康發展的通知) promulgated by the State Council on 12 August 2003 requires control of land supply for or suspend the approval for high end commodity properties in the area with overstock of high end and large-size properties, high end office buildings and commercial properties. 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 4 September 2003, from the day of issuance of the notice, the grant of land use rights for luxurious commodity houses shall be stringently controlled. On 30 May 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. On 30 September 2007, the MLR issued the *Notice on Implementation of the State Council's Certain Opinions on Resolving Difficulties in Housing of Urban Low-Income Family and Further Strengthening the Macro-control of Land Supply* (關於認真貫徹〈國務院關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知) as amended on 3 December 2010, to further enhance the control of land supply, which stipulates that the supply of the land to be developed for low-rent housing, economically affordable housing and low or medium priced and small or medium sized housing must be no less than 70% of the total land supply of the current year. For the purpose of this section, “high end commodity properties” means high end residential properties and commercial properties developed by a property developer for sale.

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On 21 September 2010, MLR and MOHURD jointly promulgated the *Notice of Further Strengthening Control and Regulation of Land and Construction of Property Development* (關於進一步加強房地產用地和建設管理調控的通知), which stipulated, among other things, that: (i) at least 70% of land designated for construction of urban housing must be used for economically affordable housing, housing for redevelopment of shanty towns and small to medium-sized ordinary commercial housing; in areas with high housing prices, the supply of land designated for small or medium sized, price-capped housing must be increased; (ii) developers and their controlling shareholders (as defined under PRC laws) are prohibited from participating in land biddings before the rectification of certain misconduct, including (1) illegal transfer of land use rights; (2) failure to commence required construction within one year from the delivery of land under land grant contracts due to such developers' own reasons; (3) non-compliance with the land development requirements specified in land grant contracts; and (4) crimes such as swindling land by forging official documents and illegal land speculation; (iii) developers are required to commence construction within one year from the date of delivery of land under the relevant land grant contract and complete construction within three years since commencement of the construction; (iv) development and construction of projects of low-density and large-sized housing must be strictly limited and the plot ratio of the planned GFA to the total site area of residential projects must be more than 1:1; and (v) the grant of two or more bundled parcels of lands and undeveloped land is prohibited.

The *Measures on the Administration of Reserved Land* (土地儲備管理辦法), promulgated by the MOF, PBOC and MLR on 19 November 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, the measures makes it clear 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-utilised.

On 18 November 2009, MOF, the MLR, PBOC, the National Audit Office and Ministry of Supervision 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) jointly, 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 fails to pay up 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 shall not be less than 50% of total land transfer price.

On 8 March 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.

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On 1 May 2012, the MLR promulgated the *Notice on Further Strengthening and Improving the Pre-examination of Land for Construction Projects* (關於進一步加強和改進建設項目用地預審工作的通知) which reinforces the importance of pre-examination administration of land for commercial and industrial purposes. Taking advantage of tender, auction and listing-for-sale to avoid the pre-examination of the utility of land is strictly prohibited, so is entering into a land use right grant contract in advance or issuing a land use right certificate in substitute for a pre-examination opinion. Without passing a pre-examination, no application may be raised in terms of a project permit or construction land permit. On-line filing for records and tracking supervision shall also be strengthened.

### **Development of a real estate project**

#### *Commencement of real estate project and regulations with respect to idle land*

Under the Urban Real Estate Law, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract. Pursuant to the *Measures on Disposal of Idle Land* (閒置土地處置辦法) promulgated by the MLR on 28 April 1999, the land can be defined as idle land under any of the following circumstances:

- (i) development and construction of the state-owned idle land has not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or
- (ii) the development and construction of the state-owned idle land have commenced but the area under such development and construction is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government or due to the force majeure of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and choose the following methods for disposal:

- (i) extending the time limit of the start of development. The government and the holder of state-owned construction land use rights shall enter into a supplemental agreement and re-specify the time limit of the start of development and construction completion and the liability for breach of contract. The time limit of the start of development shall not be extended to over one year from the date of the start of development specified in the supplemental agreement;
- (ii) adjusting the land use and planning conditions. The relevant land use procedure shall be re-gone through and the land grant premium shall be checked, collected or returned according to the new land use or planning conditions;
- (iii) the government arranges temporary use for the idle land. The holder of state-owned construction land use rights shall re-develop and construct the idle land until the former project satisfies the requirements of development and construction. The time limit of temporary use shall not exceed two years from the date of temporary use arranged;
- (iv) getting back the use right of the state-owned construction land with compensation;

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- (v) exchanging the idle land. When the land grant premium of the idle land has been paid up, the project funding has been completed and the idleness is caused by the plan amendment according to the law, the government can exchange the idle land for other state-owned construction land of same value and use for the holder of state-owned construction land use rights to develop and construct. As for the land grant, the holder of state-owned construction land use rights and the government shall re-enter into a land grant contract which shall specify the land as the exchange land; and
- (vi) the city-level and county-level land administrative authorities can stipulate other disposal ways according to the actual situation.

Save for the above item (iv), the time of the commencement of development shall be re-dated according to newly agreed or stipulated time.

During the Track Record Period and as at the Latest Practicable Date, we did not have any idle land.

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 8 September 2007 emphasising that the disposal of idle land shall be speed 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 should be reclaimed before the end of 2007.

On 3 January 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 summarised 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 shall a land use certificate be issued on parts of the land in proportion to the paid-up land premium. Strictly prohibit unauthorised 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 shall be cautious in granting loans and approving financing, and shall not grant loans or offer listing financing to projects engaging in illegal land use.

### ***Planning of a real estate project***

On 28 October 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 shall 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 Construction Permit for Construction Projects* (建築工程施工許可管理辦法) promulgated by MOHURD on 25 June 2014 and implemented on 25 October 2014. According to the *Notice Regarding Strengthening and Regulating the Administration of Newly-commenced Projects* (國務院辦公廳關於加強和規範新開工



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項目管理的通知) issued by the General Office of the State Council on 17 November 2007, before commencement of construction, all kinds of projects shall fulfill certain conditions, including, among other things, compliance with national industrial policy, development plan, land supply policy and market access standard, completion of all approval and filing procedures, compliance with zoning plan in terms of site and planning, completion of proper land use procedures and obtaining proper environmental valuation approvals and construction work commencement permit or construction start-up report.

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 30 January 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 MOHURD on 7 April 2000 and amended on 19 October 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 MOHURD and implemented on 2 December 2013, after the completion of construction of a project, the real estate must undergo inspection and receive relevant approvals from local authorities including planning bureau, 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 MOHURD on 13 April 2009, the legal regulatory framework and the supervision system concerning quality supervision and completion acceptance examination shall be further improved.

### 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 7 August 1995 and as amended on 15 August 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: a) 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; b) development has been carried out according to the land use rights 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 shall 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 shall 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 shall be signed in order to, inter alia, adjust the land use rights assignment price accordingly.



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If the land use rights were originally obtained by allocation, transfer of the real property shall 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 shall 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.

### **Sale of Commodity Buildings**

Under the *Regulatory Measures on the Sale of Commodity Buildings* (商品房銷售管理辦法) (the “Regulatory Measures”) promulgated by the Ministry of Construction on 4 April 2001 and implemented on 1 June 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) (the “Pre-sale Measures”) promulgated by the Ministry of Construction on 15 November 1994 and as amended on 15 August 2001 and 20 July 2004 respectively, the pre-sale of commodity buildings shall be subject to a licensing system, and a real estate developer intending to sell a commodity building before its completion shall 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: a) the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; b) a construction works planning permit and construction works commencement permit have been obtained; c) 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 d) the pre-sale has been registered and a pre-sales permit has been obtained.

On 13 April 2010, MOHORD issued the *Notice on Further Enhancing the Supervision of the Real Estate Market and Perfecting the Pre-sale System of Commodity Houses* (關於進一步加強房地產市場監管完善商品住房預售制度有關問題的通知). Pursuant to the notice, without the pre-sale approval, the commodity properties are not permitted to be pre-sold and the real estate developer are not allowed to charge the buyer any deposit or pre-payment or payment of the similar nature. In addition, the notice urges local governments to enact regulations on sale of completed commodity properties in light of the local conditions, and encourages property developers to sell completed commodity properties.

### ***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 shall 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 shall have a business license and a qualification certificate of a real estate developer; (ii) the enterprise shall 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 shall have been completed, inspected and accepted as qualified; (v) the relocation of the original

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residents shall have been well completed; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; and (vii) the real property management plan shall have been completed. Before the post-completion sale of a commodity building, a real estate developer shall 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 shall sign a contract on the pre-sale of a commodity building with the purchaser. The developer shall, 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 Stabilising 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 9 May 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 contract, the registration organ of the real estate administration authorities shall 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.

The SAIC has promulgated the *Provisions on Releasing Real Estate Advertisements* (房地產廣告發佈規定) which took effect on 1 February 2016. Pursuant to the provisions, a real estate advertisement shall not contain any information relating to the geomancy, divination or other superstitious information. The introduction and exaggeration of a project shall not violate the prevailing custom. A real estate advertisement shall be true, legal, scientific, accurate, and shall not defraud or mislead the public. A real estate advertisement shall not contain any promise by the publisher to purchasers with respect to providing assistance in applying for residential pass, securing a job or school admission, etc.

### **Adjusting the Structure of Housing Supply and Stabilising Housing Price**

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

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On 24 May 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 Stabilisation 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 stabilisation of housing prices, the opinion provides that:

- (a) Adjustment to the 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) Adjustment to tax, credit and land policies: from 1 June 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 sq.m., the first installment remains at 20 percent.

To implement the Opinions on Adjusting the Housing Supply Structure and Stabilising 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 6 July 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

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

On 20 December 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 speed up the development of social security housing, encourage purchases of properties for self-use and upgrade purposes, and direct real estate developers to cope with the changing market, as well as to:

- (a) promote the construction of affordable residential housing;
- (b) encourage the purchase of regular commodity houses for residential purposes; and
- (c) 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 8 December 2008, the State Council (1) implemented and promulgated relevant credit policies and measures to support people's purchase of their first ordinary home or improved ordinary home; (2) provided more credit support for the construction of low rent houses and economically affordable houses and the reconstruction of shed areas for low-income urban residents; and (3) initiated the pilot operation of real estate trust investment funds and diversify the financing channels of real estate enterprises.

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

On 7 January 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 stipulates:

- (a) increasing the effective supply of security housing and common commercial housing;

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- (b) reasonably steering housing consumption and suppress speculative house purchasing demand;
- (c) strengthening risk prevention and market supervision; and
- (d) quickening the security Comfort Housing Project construction.

On 17 April 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:

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

To strengthen real estate market regulation and enhance the implementation of these existing policies, on 29 September 2010, PBOC and CBRC jointly issued the *Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies* (關於完善差別化住房信貸政策有關問題的通知), in accordance with which the minimum down payment has been raised to 30% for all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer's third parcel of residential real estate and beyond.

On 29 September 2010, 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), in accordance with which, as of 1 October 2010, the deed tax for individuals who purchased ordinary residential real estate with floor area under 90 sq.m. as his 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 26 January 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 shall be subject to business tax based on total sale price from such transfer.

On 27 January 2011, MOF and SAT jointly issued a new *Notice on Adjusting the Policy of Business Tax on Re-sale of Personal Residential Properties* (關於調整個人住房轉讓營業稅政策的通知), under which business tax is imposed on (i) the full amount of the transfer price upon the transfer of any residential real estate by an individual owner within five years from such individual owner's purchase; and (ii) the difference between the transfer price and the original purchase price upon the transfer of any non-ordinary residential real estate by an individual owner more than five years from such individual owner's purchase. Business tax is exempted for ordinary residential real estates if the transfer occurs after five years from the individual owner's purchase. This notice became effective on 28 January 2011.

The *Provisions on Sales of Commodity Properties at Clearly Marked Price* (商品房銷售明碼標價規定) was promulgated by NDRC on 16 March 2011 and became effective on 1 May 2011. According to the provisions, any real estate developer or real estate agency ("real estate operators") is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With

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respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

On 26 February 2013, the General Office of the State Council issued a *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 shall not be lower than the average actual land supply in the past five years.

On 29 September 2014, PBOC and CBRC jointly issued the *Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services* (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), which provides that as regard a household that borrows a loan to purchase the first ordinary owner-occupied residential property, the minimum down payment ratio of the loan shall be 30%, and the floor of the loan interest rate shall be 0.7 times the benchmark lending rate. Banking financial institutions shall determine the specifics in this regard on their own according to risk profiles. Where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property. In cities where “property purchase control measures” have been canceled or are not implemented, if a household that owns two or more existing properties for which the property purchase loans have been paid off applies for a new loan to purchase yet another new property, the relevant banking financial institution shall specifically determine the down payment ratio and the loan interest rate in a prudent manner based on the borrower’s repayment capability, credit standing and other factors. A banking financial institution may, according to the local urbanisation development planning, disburse housing loans to non-local residents who satisfy policy conditions.

On 24 September 2015, PBOC and CBRC jointly issued the *Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy* (《中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知》), which provides that in cities where “property purchase control measures” are not implemented the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25%.



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On 1 February 2016, PBOC and CBRC jointly issued the *Circular of the People's Bank of China and China Banking Regulatory Commission on Issues Concerning Adjusting the Individual Housing Loan Policies* (《中國人民銀行、中國銀行業監督管理委員會關於調整個人住房貸款政策有關問題的通知》). The circular specifies that, in principle, in the cities where property purchase control measures are not implemented, the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of its first ordinary residential property shall be 25% of the purchase price, however local authorities have been allowed to adjust such down payment ratio to 20%. Meanwhile, with respect to a household that already owns a residential property with unsettled personal housing commercial loan and applies for another personal housing commercial loan to purchase another ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio for that purchase shall be at least 30% of the corresponding purchase price.

According to the *Notice on Matters Concerning Individual Housing Loan Policies* (《關於個人住房貸款政策有關問題的通知》), promulgated by PBOC, MOHURD and CBRC on 30 March 2015 and effective on the same date, and the *Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing* (《關於調整個人住房轉讓營業稅政策的通知》) promulgated by MOF and SAT on 30 March 2015 and effective on 31 March 2015 (collectively, the “330 New Policy”), where a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition.

For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary 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 paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price. In addition, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

### **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 SCNPC on 30 June 1995 and implemented on 1 October 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 15 August 2001, when a mortgage is created on a building legally obtained, a mortgage shall 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 shall also be mortgaged at the same time. The mortgager and the mortgagee shall sign a mortgage contract in writing.



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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 shall 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 shall 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 shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the real property.

The *Property Rights Law* (《物權法》) 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.

### **Lease of buildings**

The *Administration Measures for Administration of Commodity Housing Tenancy* was (商品房屋租賃管理辦法) promulgated on 1 December 2010 and came into effect on 1 February 2011. The parties to a real estate lease shall go through the lease registration formalities with the competent construction (real estate) departments of the municipalities directly under the 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 16 March 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) (the “New Property Law”), which took effect as of 1 October 2007.

There are various clauses in the New Property Law to strengthen the protection on the rights of the house owners: i) Article 89 of the New Property Law requests that “the construction of a building shall 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 New 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 New 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.

### **Real Estate Registration**

According to the *Interim Regulations on Real Estate Registration* (不動產登記暫行條例) promulgated by the State Council on 24 November 2014 and enforced on 1 March 2015, PRC will apply a uniform registration system over real estate, under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the mentioned Interim Regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application shall be made

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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 law and the registration, the competent authorities shall not refuse to provide the information which has been registered. Furthermore, the Interim Regulation confirmed that various real estate ownership certificates issued prior to the implementation of the Interim Regulation shall remain valid.

The MLR promulgated the *Implementing Rules of the Interim Regulations on Real Estate Registration* (不動產登記暫行條例實施細則) (the “Rules”) on 1 January 2016. The Rules stipulate that after the acceptance of an application for real estate registration, the real estate registration authority shall perform site inspection. The owners and interested parties may inquire and obtain the relevant real estate registration information. The Rules also clarify that real estate registration information shall be managed by the relevant real estate registration authorities, who shall establish a real estate registration information management system and the information safety and confidentiality system. No individual or entity shall leak such real estate registration information.

### CIVIL AIR DEFENSE PROPERTY

Pursuant to the *PRC Law on National Defense* (中華人民共和國國防法) promulgated by the NPC on 14 March 1997, as amended on 27 August 2009, national defense assets are owned by the state. Pursuant to the *PRC Law on Civil Air Defense* (中華人民共和國人民防空法), or the Civil Air Defense Law, promulgated by the SCNPC on 29 October 1996, as amended on 27 August 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law 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 the civil air defense property in time of peace and profit 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 1 November 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 specify how to use, manage and maintain the civil air defense property. Pursuant to the *Measures of Jiangsu Province for the Implementation of the Civil Air Defense Law of the People’s Republic of China (2008 Amendment)* (江蘇省實施《中華人民共和國人民防空法》辦法 (2008年修正)) promulgated on 29 January 1999 and amended on 16 April 2004 and 24 July 2008 respectively, development and use of the civil air defense property are encouraged after obtaining the approval from the competent authorities.

### REGULATIONS ON REAL ESTATE FINANCING

#### Financing real estate development and acquisition

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 5 June 2003 to specify the requirements for banks to provide loans for the purposes of residential development. Real property loans by commercial banks to real estate enterprises shall 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.

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In the *Circular on Facilitating the Continuously Healthy Development of Property Market* (關於促進房地產市場持續健康發展的通知), the government staged a series of measures on the lending for residential development. They include, among others, strengthen efforts in housing provident fund collection and the granting of loans, improving the guarantee mechanism of individual home loans and strengthening the monitoring over property loans. It is expected that the circular will have a positive effect on the development of the PRC property market in the long run by facilitating a continuously healthy growth of the property market in China.

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 CBRC on 30 August 2004, any real estate developer applying for real estate development loans shall 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 PBOC on 16 March 2005, from 17 March 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 24 May 2006, the State Council issued the *Opinions of the Ministry of Construction and other Departments on Adjusting the Housing Supply Structure and Stabilising 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 shall 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 shall not provide loans to real estate enterprises/projects that fail to meet loan qualifications, such as, project whose capital ratio fails to meet the 35% baseline. For real estate development enterprises that have comparatively a large quantity of idle land and vacant commodity buildings, commercial banks shall apply the principle of prudent operation and use higher standard of scrutiny in controlling renewable loans and any form of revolving credit. Commercial banks shall not accept any commodity building that has been idle for three or more years as collateral for loans.

According to the *Opinions*, FIREEs 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 SAFE shall not approve registration of foreign loans for such enterprises.

On 27 September 2007, PBOC and 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) (the "Notice"). The 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) (the "Supplemental Notice") jointly issued by PBOC and CBRC and dated 5 December 2007, sets out supplemental requirements in respect of strengthening housing consumption loan management.

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On 26 May 2008, 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 combat 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 29 July 2008, PBOC and CBRC jointly issued the *Notice on Promoting Economic Use of Land through Finance* (關於金融促進節約集約用地的通知). Commercial banks must provide financial support preferentially to the projects with economic use of land, such as the development of low-rent housing, economically affordable housing, price-capped housing and properties with a total GFA of less than 90 sq.m. The commercial banks are prohibited from granting loans to the property developers for payment of land premium. The notice emphasises tightening the policy requirements and management of loans to certain projects, including:

- (a) The management of loans for construction projects. The commercial banks are prohibited from providing loans to (i) the projects which do not meet the relevant planning and control requirements, (ii) the projects which have illegal land use and (iii) the projects for which the relevant land falls into the catalog of banned land use projects. Where a loan has already been granted to such a project, it must be gradually recovered provided that necessary protection measures have been taken. A financial institution must exercise caution in granting a loan to projects falls into the catalog of restricted land use projects.
- (b) The examination of loans for municipal infrastructures and industrial land use projects.
- (c) The management of loans for rural collective construction land use projects. The commercial banks are prohibited from providing loans to the commercial projects which using rural collective land.
- (d) The management of credit for commercial property development projects.

With respect to loans provided for land reservation in the form of mortgage, a land use rights certificate must be obtained. In addition, the maximum mortgage ratio must not exceed 70% of the appraised value of the underlying collateral and, in principle, the term of loan must not exceed two years. When the relevant land and resource authority confirms that an enterprise has developed less than 1/3 of the site area of land or has invested less than 1/4 of the total investment for the project after one year from the date of construction commencement as stipulated in the land grant contract, the commercial bank must exercise caution in granting loans to the enterprise and strictly control extended loans or rolling credits to it.

On 20 December 2008, the General Office of the State Council promulgated the *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.

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On 9 September 2010, PBOC and the CBRC jointly issued the *Notice on Relevant Issues Regarding the Improvement of Differential Mortgage Loan Policies* (關於完善差別化住房信貸政策有關問題的通知), which provides, among other things, that all property companies with records of being involved in idle land, changing the use of land, postponing the construction commencement or completion date, hoarding properties or other non-compliance will be restricted from obtaining bank loans for new projects or extension of credit facilities.

In July 2013, PBOC issued a notice on further promoting the market-oriented reform of interest rates, controls on the lending interest rates of financial institutions shall be fully liberalised. The floor on the lending interest rates of financial institutions, which is currently set at 70%, shall be removed, and instead, lending interest rates shall be set by financial institutions

### 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 SCNPC in 1 November 2002, revised on 31 August 2014, the developer shall 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 shall 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 shall also be set up to carry out the work safety job responsibility system. At the same time, contractors shall adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

### 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 SCNPC on 1 September 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 29 November 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 shall 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 general construction. 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 may go into operation or be available for use.

### REGULATIONS ON TAXATION

#### Income Tax

According to the PRC Enterprise Income Tax Law enacted by the NPC on 16 March 2007 and enforced from 1 January 2008 onwards, 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 PRC Enterprise Income Tax Law, enterprises established outside of China whose



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“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.

On 6 March 2009, SAT issued the *Measures Dealing with Income Tax of Enterprise Engaged in Real Estate Development and Operation* (房地產開發經營業務企業所得稅處理辦法) effective on 1 January 2008, which specifically stipulates the rules regarding tax treatment of income and deduction of cost and fees, verification of calculated tax cost and tax treatment on certain matters of the real estate development enterprise according to the PRC Enterprise Income Tax Law and its implementation rules.

On 12 May 2010, SAT promulgated the *Notice on the Confirmation of Completion Conditions for Development of Products by Real Estate Development Enterprises* (關於房地產開發企業開發產品完工條件確認問題的通知), which provides that a property will be deemed as completed when its delivery procedures (including move-in procedures) have commenced or when the property is in fact put in use. Real estate developers must conduct the settlement of cost in time and calculate the amount of corporate income tax for the current year.

Furthermore, pursuant to the PRC Enterprise Income Tax Law and the *Implementation Rules on the Enterprise Income Tax* (企業所得稅法實施條例) promulgated by the State Council on 6 December 2007 and effective 1 January 2008, a reduced withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant to the *Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income* (內地和香港特別行政區關於所得避免雙重徵稅和防止偷漏稅的安排) signed on 21 August 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after 1 April 2007 and in mainland China to any year commencing on or after 1 January 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the *Notice of the State Administration of Taxation, or SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties* (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on 20 February 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty. One such requirement is that the taxpayer must be the “beneficiary owner” of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the *Notice on How to Understand and Recognise the “Beneficiary Owner” in Tax Treaties* (關於如何理解和認定稅收協定中“受益所有人”的通知), or Notice 601, promulgated by SAT on 27 October 2009, narrowed the scope of “beneficiary owners” to individuals, enterprises or other organisations who “normally engage in substantive operations”, and introduced various factors to adversely impact the recognition of such “beneficiary owners”. On 24 August 2009, SAT issued the *Notice Regarding the Publishing of the Administrative Measures for Non-residents to Enjoy the Treatment Under Taxation Treaties (Trial)* (關於印發〈非居民享受稅收協定待遇管理辦法(試行)的通知), effective on 1 October 2009, and its supplemental regulation promulgated and effective on 21 June 2010, which provide that prior approvals from the relevant local tax authorities are required before a non-resident taxpayer may enjoy any benefits under the relevant taxation treaties.



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### 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 13 December 1993, amended on 5 November 2008, and implemented on 1 January 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 MOF on 25 December 1993, amended on 15 December 2008 and on 28 October 2011 respectively, the tax rate applicable to the transfer of real properties, their superstructures and attachments is 5 percent.

On 16 November 2011, as approved by the State Council, MOF and SAT promulgated the Pilot Plan for the Imposition of Value-Added Tax to Replace Business Tax (營業稅改徵增值稅試點方案) (the "Pilot Plan"). According to the Pilot Plan, businesses as specified in the Pilot Plan would pay Value-Added Tax ("VAT") instead of business tax and the industries under the Pilot Plan would start from transportation services and certain modern services. The Pilot Plan also stated that leasing of tangible movable property would be subject to the VAT rate of 17%, transportation and construction services being subject to the rate of 11% and other modern services being subject to the rate of 6%. The Pilot Plan initially applied only to the transportation industry and certain modern service industries in Shanghai and expanded to nationwide in 2013. The industries under the Pilot Plan have also been expanded in the past years and at present include industries involving postal services, transportation services, research and development and technical services, information technology services, cultural and creative services, logistics and ancillary services, the leasing of tangible movable property, certification and consulting services, radio and television services and telecom services.

### 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) (the "Land Appreciation Tax Provisional Regulations") promulgated on 13 December 1993, implemented on 1 January 1994 and amended on 8 January 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) (the "Land Appreciation Tax Detailed Implementation Rules") which were promulgated and implemented on 27 January 1995, any capital-gain from a transfer of real estate shall be subject to LAT, after deducting various prescribed items. LAT shall be charged at four levels of progressive rates: 30% for the appreciation amount not exceeding 50% of the sum of deductible items; 40% for the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; 50% for the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and 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 MOF.

In addition, taxpayers construct ordinary standard residences for sale (i.e. the residences built in accordance with the local standards for residential properties. Deluxe apartments, villas, resorts etc. are not under the category of ordinary standard residences) and the appreciation amount does not exceed 20 percent of the sum.

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SAT issued the *Notice on Improvement of the Administration of the Collection of Land Appreciation Tax* (關於認真做好土地增值稅徵收管理工作的通知) on 10 July 2002 to require local tax authorities to modify their management system of LAT collection and operational details, to formulate and implement a sound taxpaying declaration system for LAT, to improve the methods of prepayment of LAT.

On 2 March 2006, MOF and SAT issued the *Notice on Several Matters on Land Appreciation Tax* (關於土地增值稅若干問題的通知) to clarify the relevant issues regarding LAT as follows:

- (a) The notice clarifies the application of LAT exemption on sales of ordinary residential properties built by real estate developer and transfer of ordinary residential properties by individuals;
- (b) The notice also provides that, where any developer develops ordinary residential properties as well as commercial properties, the land appreciation amount must be separately calculated and verified;
- (c) As to the advance collection and settlement of LAT, the notice requires all local LAT collection departments to design their LAT prepayment rate in a reasonable manner, and to adjust it on a timely basis according to the appreciation of the property, the local market development and the specific property categories, such as ordinary residential properties, non-ordinary residential properties and commercial properties. The notice also require that LAT settlement be conducted upon the completion of a property project in a timely manner, and return the overcharge and demand the payment of the shortage;
- (d) As to any LAT that has not been prepaid within the advance collection period, the overdue fines must be imposed and collected as of the day following the expiration of the prescribed advance collection period according to the PRC law on the Administration of Tax Collection and its implementation rules; and

As to any property has received its certificate of completion, and the saleable GFA of the project that has been transferred constitutes more than 85% of the total saleable GFA, the tax authorities may require the relevant taxpayer to settle LAT on the transferred properties in proportion to the income generated from, and items of deduction relating to, the transferred properties, with the specific LAT settlement procedures to be provided by local tax authorities at provincial-level governments.

On 28 December 2006, 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 1 February 2007. Pursuant to the Notice, a real estate developer shall 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; and for projects developed in different stages, the LAT shall be settled in stages. LAT must be settled if (1) the real estate development project has been completed and fully sold; (2) the real estate developer transfers the whole incomplete development project; or (3) 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 any of the following criteria is met: (1) for completed real estate development projects, the transferred GFA represents more than 85 percent of total saleable GFA, or the proportion represented is less than 85 percent, but the remaining saleable GFA has been leased out or used by the developer; (2) the project has not been sold out for more than three years after obtaining the sale permit or Pre-Sales Permit; (3) the developer applies for cancellation of the tax registration without having settled the relevant LAT; or (4) other conditions stipulated by the tax authorities.

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On 12 May 2009, SAT issued the *Administrative Rules for the Settlement of Land Appreciation Tax* (土地增值稅清算管理規程) (the “Settlement Rules”), which became effective on 1 June 2009. The Settlement Rules reiterated the circumstances under which LAT must be settled, the criteria that are to be met for relevant tax authorities to require the settlement of LAT and the circumstances under which the tax authorities shall 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 relevant tax authorities.

On 19 May 2010, SAT promulgated the *Notice on Issues Regarding Land Appreciation Tax Settlement* (關於土地增值稅清算有關問題的通知), which provides further clarifications and guidelines on LAT settlement, revenue recognition, deductible expenses, timing of assessment and other related issues.

On 25 May 2010, SAT issued the *Notice on Strengthening the Collection of Land Appreciation Tax* (關於加強土地增值稅徵管工作的通知), which provides for a minimum LAT prepayment rate at 2% for provinces in eastern China region, 1.5% for provinces in the central and northeastern China regions, and 1% for provinces in the western China region. The notice also delegate to the local tax authorities to determine the applicable LAT prepayment rates based on the types of the properties in their respective regions.

### Deed Tax

Pursuant to 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 7 July 1997 and implemented on 1 October 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall 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 MOF and SAT for the record.

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. shall be temporarily reduced to a unified rate of 1 percent starting from 1 November 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 27 September 1988, implemented on 1 November 1988 and amended on 31 December 2006 and 7 December 2013, land use tax in respect of urban land is levied according to the area of relevant land. As of 1 January 2007, the annual tax on every square meter of urban land shall 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 15 September 1986 and amended on 8 January 2011 and the *PRC State Council Order 546* (中華人民共和國國務院令2008第546號), for enterprises in PRC, no matter domestic or foreign-invested, the building tax is calculated at the rate of 1.2% on the value of self-owned real estate or at the 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 6 August 1988 and implemented on 1 October 1988 and amended on 8 January 2011, for real estate transfer instruments, including those in respect of

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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, stamp duty shall be levied on an item basis of RMB5 per item.

### **Municipal Maintenance Tax and Education Surcharge**

On 18 October 2010, the State Council released a circular entitled *Notice Issued by the State Council to Unify the Collection of Municipal Maintenance Tax and Education Surcharges on Domestic and Foreign-Invested Enterprises and Individuals* (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) to resume the collection of surtaxes from foreign invested enterprises and foreign enterprises, effective from 1 December 2010. Similar to the rate applicable to the domestic enterprises, the applicable municipal maintenance tax rate for foreign invested enterprises and foreign enterprises is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town; the unified applicable education surcharge rate for foreign invested enterprises and foreign enterprises is 3%.

## **REGULATIONS ON FOREIGN EXCHANGE REGISTRATION AND FOREIGN CURRENCY EXCHANGE**

### **Foreign currency exchange**

Under the *PRC Foreign Currency Administration Rules* (中華人民共和國外匯管理條例) promulgated in 1996 and revised in 1997 and as amended in 2008 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 dividend. 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 from 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, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

The *Notice on Regulating Issues Relevant to Administration of Foreign Exchange in Real Estate Market* (關於規範房地產市場外匯管理有關問題的通知) jointly issued by SAFE and MOHURD on 1 September 2006, provided, (i) where a FIREE fails to pay registered capital in full or to acquire a land use rights certificate or to make its capital funding for a development project amounting to 35% of the total investment to the project, the SAFE authorities will not handle its foreign debt registration or approve its settlement of foreign exchange funds; (ii) where a foreign institution or individual fails to pay the transfer price in a lump sum with its/his own fund, SAFE authorities will not process the registration of foreign exchange proceeds from transfer of equities; (iii) the domestic and foreign investors of a FIREE may not enter into an agreement or undertaking that promises a fixed return in any form to any party, or the SAFE authorities will not process the foreign exchange registration or registration modification for the FIREE, and (iv) the funds in the foreign exchange account in the name of a foreign investor in a domestic bank may not be used for the property development or operation of the FIREE.

According to the SAFE Notice 19, for actual needs of business operation, foreign invested enterprises may convert their foreign currency capital into Renminbi at their own discretion. The ratio of the discretionary settlement of foreign currency capital of foreign enterprises is tentatively set at 100%,

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which is subject to adjustment by SAFE in accordance with the status of international balance of payment. In addition, the foreign currency registered capital of a foreign-invested enterprise that has been settled in Renminbi may only be used for purposes within the business scope approved by the applicable governmental authority and shall not be used for the following purposes: (i) directly or indirectly used for expenditures prohibited by the laws and regulations or beyond the enterprise's business scope; (ii) directly or indirectly used for securities investments unless otherwise specified by laws and regulations; (iii) directly or indirectly used for providing Renminbi entrusted loans (unless permitted in the business scope), repaying loans between enterprises (including third party cash advance), or repaying bank loans it has obtained and on-lent to third parties; (iv) used to purchase non-self-use real estate, except for foreign invested real estate enterprises. Furthermore, foreign invested enterprises whose main business is investment are allowed to directly settle their foreign currency capital and transfer that amount into the account of the enterprise being invested, provided that the domestic investment project is real and compliant. For an ordinary foreign invested enterprise intending to engage in domestic equity investment using Renminbi settled from foreign currency capital, the SAFE Notice 19 stipulates that the enterprise being invested shall first complete a domestic reinvestment registration and open a foreign currency settlement account with local foreign exchange authority (bank), after which the investing enterprise may transfer the Renminbi settled (consisting of the actual amount of the investment) to the account opened by the enterprise being invested.

### REGULATIONS ON LABOR AND SOCIAL SECURITY

On 29 June 2007, the PRC Government promulgated the PRC Labor Contract Law, which became effective on 1 January 2008. Pursuant to the PRC Labor Contract Law and the PRC Labor Law, which became effective on 1 January 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 shall not be lower than the local minimum salary standard, and (iv) employers shall 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) (the "New Social Insurance Law") promulgated on 28 November 2010 by the NPCSC and implemented on 1 July 2011, the *Interim Regulations Concerning the Collection and Payment of Social Insurance Premium* (社會保險費徵繳暫行條例) promulgated and implemented on 22 January 1999 by the State Council, the *Interim Measures Concerning the Maternity Insurance of Employees of an Enterprise* (企業職工生育保險試行辦法) promulgated on 14 December 1994 and implemented on 1 January 1995 by former Ministry of Labor, the *Regulation on the Administration of Housing Provident Fund* (住房公積金管理條例) promulgated and implemented on 3 April 1999 and amended on 24 March 2002 by the State Council, the *Regulation on Occupational Injury Insurances* (工傷保險條例) promulgated on 27 April 2003 by the State Council and implemented on 1 January 2004 and amended on 20 December 2010 by the State Council, and regulations on pension insurance, medical insurance and unemployment insurance in the provincial and municipal level, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund and housing fund for the employees. 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; and if it still fails to pay the premiums within the prescribed time limit, a fine of one to three times the outstanding amount might be imposed by the relevant administrative department.



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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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### BUSINESS DEVELOPMENT

#### Overview

Our history can be traced back to 2003 when Mr. Shum deployed his personal financial resources and co-founded the first property development project company of our Group, Yangzhou Guangyuan, in Jiangsu Province with Wang Xinmei (王新妹), his spouse, Zhao Jianzhong (趙建忠), his brother-in-law, and a group of independent individual investors. Please refer to the section headed “History, Reorganisation and Group structure — Corporate development — Our subsidiaries in the PRC — Yangzhou Guangyuan” in this prospectus for further details of the history of establishment of Yangzhou Guangyuan. Prior to entering into the real estate industry in China, Mr. Shum started his entrepreneurship in the manufacturing industry where he established a factory in the Zhejiang Province in around 1981 for the manufacturing and sales of shoes and, subsequently, a company for trading of related raw materials. In 1995, Mr. Shum ventured into the real estate industry by deploying his capital accumulated from the manufacturing and trading businesses and commenced his property development business in Jiaying, Zhejiang Province, his home town, where he established his first property development project company, Jia Yuan Chuangsheng. Since then, we have expanded to other parts in Jiangsu Province, namely Taizhou, Suqian, Changzhou and Nanjing. At the inception of our business development, we focused our development effort on developing residential complexes. Since 2010, we formulated the strategy of “major cities and selected key towns” (「大城市、小城鎮」) as our core development strategy. Based on this strategy, we have been developing integrated commercial complex projects in selected key towns which have the potential to be developed into major economic and transportation hub amongst neighbouring towns, yet lack the presence of mature commercial infrastructure.

Since the commencement of our operation in 2003, we have completed the development of eight projects, and part of seven projects, which occupied a total GFA of approximately 2.6 million sq.m. as at 30 November 2015. We had nine on-going property development projects and two projects, the construction works of which had not commenced, constituting (i) properties under development of approximately 2.0 million sq.m.; and (ii) properties held for future development of approximately 2.3 million sq.m. as at 30 November 2015.

#### Key milestone events of our Group

The following table illustrates the key milestone events of our Group and our development:

Year	Key events	Major property development projects (commencement year)	Development type
2003	Establishment of Yangzhou Guangyuan	— Jiayuan Centurial Garden (2005)	— Residential complex
		— Jiayuan Centurial Villa (2006)	— Residential complex
2007	Establishment of Taizhou Jia Yuan	— Oriental Bright City (2009)	— Residential complex
		— Oriental Paris City (2009)	— Residential complex



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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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Year	Key events	Major property development projects (commencement year)	Development type
	Establishment of Yangzhou Hengyuan	— Jiayuan Centurial Scenery Park (2009)	— Residential complex
2008	Establishment of Yangzhou Mingyuan	— Yangzhou Park Number One (2010)	— Residential complex
2009	Establishment of Suqian Jia Yuan	— Elite International Garden (2010)	— Residential complex
		— Suqian Park Number One (2011)	— Residential complex
		— Paris Metropolis (2011)	— Residential complex
	Establishment of Taixing Guangyuan	— Venice Metropolis (2011)	— Residential complex
		— Qiangxi Garden (2012)	— Residential complex
		— Jiayuan New World (2012)	— Integrated commercial complex
2010	Establishment of Taizhou Mingyuan	— Quexiandao Number One (2011)	— Residential complex
2012	Establishment of Taixing Hengyuan	— Huangqiao Jiayuan Central Plaza Phase I (2013)	— Integrated commercial complex
	Establishment of Siyang Fengyuan	— Rome Metropolis (2012)	— Residential complex
2013	Establishment of Changzhou Jinyuan	— Xueyan Jiayuan Central Plaza (2014)	— Integrated commercial complex
	Acquisition of Nanjing Xinhaoning through the acquisition of Guo Xiang and Nanjing Jia Feng	— Zijin Mansion (2014)	— Residential complex

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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### CORPORATE DEVELOPMENT

The following describes the corporate history of our Company and our subsidiaries.

#### **Our Company**

Our Company was incorporated under the laws of the Cayman Islands on 5 May 2015 and is the holding company of our subsidiaries. Since the date of its establishment and as at the Latest Practicable Date, our Company had been held as to 100% by Mingyuan Investment.

As a result of the Reorganisation, our Company, through Jiayuan Investment, indirectly holds all the issued share capital of Hong Kong Jia Yuan and Guo Xiang, which in turn holds all the equity interest in our subsidiaries in the PRC (except Suqian Jia Yuan which is held as to 90% by our Group), which are principally engaged in the development of residential complex projects and integrated commercial complex projects in Jiangsu Province, the PRC. Please refer to the paragraph headed “Reorganisation” in this section of the prospectus for further details about the Reorganisation.

#### **Our subsidiaries in the BVI**

##### *Jiayuan Investment*

Jiayuan Investment was incorporated under the laws of the BVI on 8 May 2015. Since the date of its establishment and as at the Latest Practicable Date, Jiayuan Investment had been held as to 100% by our Company. Jiayuan Investment is principally engaged in investment holding.

##### *Jiayuan Commercial Properties*

Jiayuan Commercial Properties was incorporated under the laws of the BVI on 10 November 2015. Since the date of its establishment and as at the Latest Practicable Date, Jiayuan Commercial Properties had been held as to 100% by our Company. Jiayuan Commercial Properties is principally engaged in investment holding.

#### **Our subsidiaries in Hong Kong**

##### *Hong Kong Jia Yuan*

On 29 April 2008, for the purpose of setting up our investment holding company in Hong Kong, Hong Kong Jia Yuan was incorporated under the laws of Hong Kong as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the same date, 9,900 shares and 100 shares of Hong Kong Jia Yuan were allotted and issued to Mr. Shum and Zhao Jianzhong (趙建忠), the brother-in-law of Mr. Shum, at the consideration of HK\$9,900 and HK\$100, respectively.

On 28 January 2014, Zhao Jianzhong (趙建忠), as a minority shareholder, exited from our Group and transferred 100 shares of Hong Kong Jia Yuan to Mr. Shum for a consideration of HK\$100. Upon completion of such transfer and prior to the Reorganisation, Hong Kong Jia Yuan had been held as to 100% by Mr. Shum. On 1 June 2015, the share capital of Hong Kong Jia Yuan was increased to HK\$1,000,000. As part of the Reorganisation, we acquired the entire share capital of Hong Kong Jia Yuan on 1 June 2015. For details, please refer to the paragraph headed “Reorganisation — (4) Step 4 — Acquisition of the entire share capital of Hong Kong Jia Yuan” in this section of this prospectus.

Hong Kong Jia Yuan commenced its business in April 2008. It is principally engaged in investment and property holding.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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### *Guo Xiang*

Guo Xiang was incorporated under the laws of Hong Kong on 1 August 2003 by two Independent Third Parties as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each.

Pursuant to a sale and purchase agreement dated 2 August 2013 and entered into between Hong Kong Jia Yuan and GuocoLand (China) Limited (國浩房地產(中國)有限公司) (“GuocoLand”), an Independent Third Party, Hong Kong Jia Yuan acquired (i) the entire issued share capital of Guo Xiang, and through Guo Xiang, 99% equity interest in Nanjing Xinhaoning; and (ii) all outstanding loans due from Guo Xiang and Nanjing Xinhaoning to GuocoLand and its associates, for an aggregate consideration of RMB1,200 million. The consideration was arrived on a willing-buyer and willing-seller basis taking into account the then net asset value of Guo Xiang and was settled in full on 30 August 2013. We entered into the above acquisition with an aim to acquire the parcel of land owned by Nanjing Xinhaoning located in Nanjing City, which was subsequently developed by us into Zijin Mansion. Immediately after such acquisition and as of the Latest Practicable Date, Guo Xiang was entirely owned by Hong Kong Jia Yuan.

Guo Xiang commenced its business in August 2003. It is principally engaged in investment holding. As at the Latest Practicable Date, Guo Xiang held 99% equity interest in Nanjing Xinhaoning, one of our subsidiaries in the PRC.

### *Jiayuan Commercial Properties (HK)*

Jiayuan Commercial Properties (HK) was incorporated under the laws of Hong Kong on 30 November 2015. Since the date of its establishment and as at the Latest Practicable Date, Jiayuan Commercial Properties (HK) had been held as to 100% by Jiayuan Commercial Properties. Jiayuan Commercial Properties (HK) had not commenced any business operations as at the Latest Practicable Date. It is intended that Jiayuan Commercial Properties (HK) will be principally engaged in managing our Group’s lease operation.

### **Our subsidiaries in the PRC**

#### *Nanjing Gangyuan*

Nanjing Gangyuan was established under the laws of the PRC on 27 May 2015 as a wholly foreign-owned enterprise with a registered capital of RMB1 million and has been owned as to 100% by Hong Kong Jia Yuan since its establishment. On 20 August 2015, the registered capital of Nanjing Gangyuan was fully paid up by Hong Kong Jia Yuan.

Nanjing Gangyuan commenced its business in May 2015. It is principally engaged in investment holding.

#### *Nanjing Xinhaoning*

Nanjing Xinhaoning was established under the laws of the PRC on 11 August 2005 as a foreign-invested enterprise with an initial registered capital of approximately USD11.9 million, which was contributed as to 99% by GuocoLand and 1% by Nanjing Fu Zhong Information Technology Group Co., Ltd.\* (南京福中資訊產業集團有限公司) (“Nanjing Fu Zhong”) at the time of its establishment respectively. To the best knowledge of our Directors, Nanjing Fu Zhong is an Independent Third Party.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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On 28 December 2011, Nanjing Fu Zhong transferred its 1% equity interest in Nanjing Xinhaoning to Nanjing Jia Feng. On 13 July 2012, the then equity holders of Nanjing Xinhaoning resolved to increase the registered capital of Nanjing Xinhaoning to USD99 million. On 18 December 2012, GuocoLand transferred its 99% equity interest in Nanjing Xinhaoning to Guo Xiang, a then subsidiary of GuocoLand. Following the aforementioned equity transfers and as of the Latest Practicable Date, Nanjing Xinhaoning was held as to 99% by Guo Xiang and 1% by Nanjing Jia Feng. Our Group became interested in Nanjing Xinhaoning through the acquisition of Guo Xiang and Nanjing Jia Feng in August 2013 and September 2013, respectively.

Nanjing Xinhaoning commenced its business in August 2005. It is principally engaged in property development.

### *Taixing Guangyuan*

Taixing Guangyuan was established under the laws of the PRC on 17 November 2009 as a limited liability company with an initial registered capital of RMB150 million, which was contributed as to 55% and 45% by Zhejiang Jia Yuan Group and Taizhou Jia Yuan, respectively. On 6 April 2010, the then equity holders of Taixing Guangyuan resolved to increase the registered capital of Taixing Guangyuan from RMB150 million to RMB210 million, with the additional registered capital contributed by Zhejiang Jia Yuan Group and Taizhou Jia Yuan in proportion to their respective equity interest.

On 20 April 2012, the then equity holders of Taixing Guangyuan further resolved to increase the registered capital of Taixing Guangyuan from RMB210 million to RMB300 million, with the additional registered capital contributed by PingAn Trust Company Limited\* (平安信託有限責任公司) (“PingAn Trust”), a trust company and an Independent Third Party, pursuant to a secured trust financing arrangement. Under such trust financing arrangement, PingAn Trust agreed to, among other matters, (i) arrange for and provide to Taixing Guangyuan certain borrowing for its property development project; (ii) subscribe 30% equity interest in Taixing Guangyuan by way of capital contribution in the amount of RMB90 million and hold such equity interest as collateral to secure our repayment obligation; and (iii) be obliged to transfer back to Zhejiang Jia Yuan Group such 30% equity interest in Taixing Guangyuan upon our repayment of the borrowing. Subsequent to the above capital contribution, Taixing Guangyuan was held as to 38.5%, 31.5% and 30% by Zhejiang Jia Yuan Group, Taizhou Jia Yuan and PingAn Trust, respectively.

In consideration of our repayment of all outstanding liabilities under the trust financing arrangement in May 2014, PingAn Trust transferred its 30% equity interest in Taixing Guangyuan to Zhejiang Jia Yuan Group pursuant to an equity transfer agreement dated 20 May 2014 and entered into between PingAn Trust and Zhejiang Jia Yuan Group. Subsequent to the above transfer, Taixing Guangyuan was held as to 68.5% and 31.5% by Zhejiang Jia Yuan Group and Taizhou Jia Yuan, respectively. Under HKFRS, the above secured trust arrangement was regarded as a borrowing, with the equity interest in Taixing Guangyuan legally transferred as collateral. Accordingly, Taixing Guangyuan was regarded as being entirely owned by our Group during the Track Record Period and prior to the Reorganisation under HKFRS.

As part of the Reorganisation, Nanjing Gangyuan acquired the entire equity interest in Taixing Guangyuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(h) — Acquisition of the entire equity interest in Taixing Guangyuan” in this section. Since then, Taixing Guangyuan has been held as to 100% by Nanjing Gangyuan.

Taixing Guangyuan commenced its business in November 2009. It is principally engaged in property development and property investment.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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### *Taizhou Jia Yuan*

Taizhou Jia Yuan was established under the laws of the PRC on 31 July 2007 as a limited liability company with an initial registered capital of RMB50 million, which was contributed as to 45% and 55% by Zhejiang Guangyuan and Jia Yuan Chuangsheng at the time of its establishment, respectively. At the relevant time, Jia Yuan Chuangsheng was a company beneficially interested as to approximately 99.1% by Mr. Shum and his spouse and 0.9% by a group of independent individual investors, respectively. Such group of independent individual investors exited from Jia Yuan Chuangsheng in May 2008, and Jia Yuan Chuangsheng was entirely held by Mr. Shum and his spouse from May 2008 to January 2011. Since then and as of the Latest Practicable Date, Jia Yuan Chuangsheng had been directly and wholly owned by Mr. Shum.

Subsequent to a series of capital increases and equity transfers, for the period between 1 January 2012 (the commencement date of the Track Record Period) and prior to the Reorganisation, Taizhou Jia Yuan had a registered capital of RMB140 million, which was contributed as to 55% and 45% by Zhejiang Jia Yuan Group and Yangzhou Guangyuan, respectively.

As part of the Reorganisation, Nanjing Gangyuan acquired the entire equity interest in Taizhou Jia Yuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(d) — Acquisition of the entire equity interest in Taizhou Jia Yuan” in this section. Since then, Taizhou Jia Yuan has been held as to 100% by Nanjing Gangyuan.

Taizhou Jia Yuan commenced its business in July 2007. It is principally engaged in the property development and property investment.

### *Yangzhou Guangyuan*

Yangzhou Guangyuan was established under the laws of the PRC on 20 June 2003 as a limited liability company with an initial registered capital of RMB10 million, which was contributed as to 70% by Jia Yuan Chuangsheng and 30% by Jiaxing Tongsheng Real Estate Co., Ltd.\* (嘉興同盛房地產置業有限公司) (“Jiaxing Tongsheng”) at the time of its establishment, respectively. At the relevant time, Jiaxing Tongsheng was a company beneficially interested as to approximately 72%, 18%, 9% and 1% by four independent individual investors, Mr. Shum, Zhao Jianzhong (趙建忠) and Jia Yuan Chuangsheng, respectively. Jiaxing Tongsheng exited from Yangzhou Guangyuan in August 2007.

Subsequent to a series of capital increases and equity transfers, for the period between 1 January 2012 (the commencement date of the Track Record Period) and prior to the Reorganisation, Yangzhou Guangyuan had a registered capital of approximately USD22.6 million, which was contributed as to 88.7% and 11.3% by Jinjiang Investment and Jia Yuan Chuangsheng, respectively.

As part of the Reorganisation, Hong Kong Jia Yuan and Nanjing Gangyuan acquired 88.7% and 11.3% equity interest in Yangzhou Guangyuan, respectively. For details, please refer to the paragraph headed “Reorganisation — Step 7(b) — Acquisition of the entire equity interest in Yangzhou Guangyuan” in this section. Since then, Yangzhou Guangyuan has been held as to 88.7% and 11.3% by Hong Kong Jia Yuan and Nanjing Gangyuan, respectively.

Yangzhou Guangyuan commenced its business in June 2003. It is principally engaged in property development and property investment.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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### *Yangzhou Mingyuan*

Yangzhou Mingyuan was established under the laws of the PRC on 16 January 2008 as a limited liability company with an initial registered capital of RMB50 million, which was contributed as to 70% and 30% by Zhejiang Jia Yuan Group and Jia Yuan Chuangsheng at the time of its establishment, respectively.

Subsequent to a series of equity transfers, for the period between 1 January 2012 (the commencement date of the Track Record Period) and 3 February 2015, Yangzhou Mingyuan had a registered capital of RMB80 million, which was subsequently reduced to RMB10 million on 4 February 2015. Such registered capital was contributed as to 70% and 30% by Zhejiang Jia Yuan Group and Jia Yuan Chuangsheng, respectively.

As part of the Reorganisation, Nanjing Gangyuan acquired the entire equity interest in Yangzhou Mingyuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(f) — Acquisition of the entire equity interest in Yangzhou Mingyuan ” in this section. Since then, Yangzhou Mingyuan has been held as to 100% by Nanjing Gangyuan.

Yangzhou Mingyuan commenced its business in January 2008. It is principally engaged in property development and property investment.

### *Changzhou Jinyuan*

Changzhou Jinyuan was established under the laws of the PRC on 7 August 2013 as a wholly foreign-owned limited liability company with an initial registered capital of RMB70.5 million, which was contributed as to 100% by Tsho Yun Wai (卓雄偉), the father of Cheuk Hiu Nam (卓曉楠), an executive Director and our Chief Executive Officer. Pursuant to a trust agreement dated 19 July 2013 and entered into among Tsho Yun Wai (卓雄偉), Zhejiang Jia Yuan Group and Changzhou Tian Yu, Tsho Yun Wai (卓雄偉) agreed to hold 80% and 20% equity interest in Changzhou Jinyuan on trust for Zhejiang Jia Yuan Group and Changzhou Tian Yu, respectively. Our PRC Legal Adviser has confirmed that such trust arrangement did not violate the compulsory provisions of the applicable PRC laws and administrative regulations.

As part of the Reorganisation, Hong Kong Jia Yuan acquired the entire equity interest in Changzhou Jinyuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(c) — Acquisition of the entire equity interest in Changzhou Jinyuan” in this section. Since then, Changzhou Jinyuan has been held as to 100% by Hong Kong Jia Yuan.

Changzhou Jinyuan commenced its business in August 2013. It is principally engaged in property development.

### *Suqian Jia Yuan*

Suqian Jia Yuan was established under the laws of the PRC on 7 August 2009 as a limited liability company with an initial registered capital of RMB45 million, which was contributed as to 55% and 45% by Zhejiang Jia Yuan Group and Jiaxing Jindi at the time of its establishment, respectively.



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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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On 9 October 2009, the then equity holders of Suqian Jia Yuan resolved to increase the registered capital of Suqian Jia Yuan from RMB45 million to RMB60 million, with the additional registered capital contributed as to RMB9 million and RMB6 million by Zhejiang Jia Yuan Group and Shaoyang Guangyuan Property Development Co., Ltd.\* (邵陽市廣源房地產開發有限公司) (“Shaoyang Guangyuan”), an Independent Third Party, respectively. After the above capital contribution, Suqian Jia Yuan was held as to 56.25%, 33.75% and 10% by Zhejiang Jia Yuan Group, Jiaying Jindi and Shaoyang Guangyuan, respectively.

On 18 October 2011, Zhejiang Jia Yuan Group and Jiaying Jindi transferred their respective 36.25% and 33.75% equity interest in Suqian Jia Yuan to Bohai International Trust Co., Ltd.\* (渤海國際信託有限公司) (“Bohai Trust”), a trust company and an Independent Third Party, pursuant to a secured trust financing arrangement. Under such trust financing arrangement, Bohai Trust agreed to, among other matters, arrange for and provide to Zhejiang Jia Yuan Group certain borrowing for its property development projects. Subsequent to the above equity transfers, Suqian Jia Yuan was held as to 20%, 10% and 70% by Zhejiang Jia Yuan Group, Shaoyang Guangyuan and Bohai Trust, respectively.

In consideration of our repayment of all outstanding liabilities under the trust financing arrangement on 30 November 2012, Bohai Trust transferred its 36.25% and 33.75% equity interest in Suqian Jia Yuan to Zhejiang Jia Yuan Group and Jiaying Jindi, respectively, pursuant to an equity transfer agreement dated 30 November 2012 and entered into between Bohai Trust and each of Zhejiang Jia Yuan Group and Jiaying Jindi. Subsequent to the above transfer, Suqian Jia Yuan was held as to 56.25%, 33.75% and 10% by Zhejiang Jia Yuan Group, Jiaying Jindi and Shaoyang Guangyuan, respectively. Under HKFRS, the above secured trust arrangement was regarded as a borrowing, with the equity interest in Suqian Jia Yuan legally transferred as collateral. Accordingly, Suqian Jia Yuan was regarded as being 90% owned by our Group during the Track Record Period under HKFRS.

As part of the Reorganisation, Nanjing Gangyuan acquired 90% equity interest in Suqian Jia Yuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(j) — Acquisition of 90% equity interest in Suqian Jia Yuan” in this section. Since then, Suqian Jia Yuan has been held as to 90% by Nanjing Gangyuan and 10% by Shaoyang Guangyuan, respectively.

Suqian Jia Yuan commenced its business in August 2009. It is principally engaged in property development.

### ***Siyang Fengyuan***

Siyang Fengyuan was established under the laws of the PRC on 6 March 2012 as a limited liability company with a registered capital of RMB50 million and had been owned as to 60% and 40% by Suqian Jia Yuan and Haiyan Jia Yuan, respectively, since its establishment and prior to the Reorganisation.

As part of the Reorganisation, Nanjing Gangyuan acquired the entire equity interest in Siyang Fengyuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(g) — Acquisition of the entire equity interest in Siyang Fengyuan” in this section. Since then, Siyang Fengyuan has been held as to 100% by Nanjing Gangyuan.

Siyang Fengyuan commenced its business in March 2012. It is principally engaged in property development and property investment.

### ***Taizhou Mingyuan***

Taizhou Mingyuan was established under the laws of the PRC on 10 March 2010 as a limited liability company with a registered capital of RMB60 million and had been owned as to 55% and 45% by Zhejiang Jia Yuan Group and Taizhou Jia Yuan, respectively, since its establishment and prior to the Reorganisation.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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As part of the Reorganisation, Nanjing Gangyuan acquired the entire equity interest in Taizhou Mingyuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(e) — Acquisition of the entire equity interest in Taizhou Mingyuan ” in this section. Since then, Taizhou Mingyuan has been held as to 100% by Nanjing Gangyuan.

Taizhou Mingyuan commenced its business in March 2010. It is principally engaged in property development and property investment.

### *Taixing Hengyuan*

Taixing Hengyuan was established under the laws of the PRC on 16 February 2012 as a limited liability company with an initial registered capital of RMB8 million, which was contributed as to 60% and 40% by Taixing Guangyuan and Yangzhou Mingyuan at the time of its establishment, respectively.

On 20 May 2013, the then equity holders of Taixing Hengyuan resolved to increase the registered capital of Taixing Hengyuan from RMB8 million to RMB26.67 million, with the additional registered capital contributed by Founder BEA Trust Company Limited\* (方正東亞信託有限責任公司) (“BEA Trust”), a trust company and an Independent Third Party, pursuant to a secured trust financing arrangement. Under such trust financing arrangement, BEA Trust agreed to, among other matters, (i) arrange for and provide to Taixing Hengyuan certain borrowing for its property development project; (ii) subscribe 70% equity interest in Taixing Hengyuan by way of capital contribution in the amount of RMB18.67 million and hold such equity interest as collateral to secure our repayment obligation; and (iii) be obliged to transfer back to our Group such 70% equity interest in Taixing Hengyuan upon our repayment of the borrowing. Subsequent to the above capital contribution, Taixing Hengyuan was held as to 18%, 12% and 70% by Taixing Guangyuan, Yangzhou Mingyuan and BEA Trust, respectively.

On 25 May 2015, Taixing Hengyuan repaid all outstanding liabilities under the trust financing arrangement. Under HKFRS, the above trust arrangement was regarded as a borrowing, with the equity interest in Taixing Hengyuan legally transferred as collateral. Accordingly, Taixing Hengyuan was regarded as being entirely owned by our Group during the Track Record Period under HKFRS.

As part of the Reorganisation, Nanjing Gangyuan acquired the entire equity interest in Taixing Hengyuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(k) — Acquisition of the entire equity interest in Taixing Hengyuan ” in this section. Since then, Taixing Hengyuan has been held as to 100% by Nanjing Gangyuan.

Taixing Hengyuan commenced its business in February 2012. It is principally engaged in property development and property investment.

### *Taixing Mingyuan*

Taixing Mingyuan was established under the laws of the PRC on 25 October 2013 as a foreign-invested enterprise with a registered capital of USD10 million and had been owned as to 100% by Jinjiang Investment since its establishment and prior to the Reorganisation.

As part of the Reorganisation, Hong Kong Jia Yuan acquired the entire equity interest in Taixing Mingyuan. For details, please refer to the paragraph headed “Reorganisation — Step 7(a) — Acquisition of the entire equity interest in Taixing Mingyuan” in this section. Since then, Taixing Mingyuan has been held as to 100% by Hong Kong Jia Yuan.

Taixing Mingyuan commenced its business in October 2013. It is principally engaged in property development.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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### *Nanjing Jia Feng*

Nanjing Jia Feng was established under the laws of the PRC on 27 December 2011 as a limited liability company with an initial registered capital of RMB5 million, which was contributed as to 80% by Yuan Linsen (袁琳森) and 20% by Zhang Yanchun (張延春) at the time of its establishment, respectively. To the best knowledge of our Directors, both Yuan Linsen (袁琳森) and Zhang Yanchun (張延春) are Independent Third Parties. At the relevant time, Nanjing Jia Feng owned 1% equity interest in Nanjing Xinhaoning.

On 12 September 2013, with a view to consolidate our control and obtain entire equity interest in Nanjing Xinhaoning, Yangzhou Mingyuan entered into an equity transfer agreement with Yuan Linsen (袁琳森) and Zhang Yanchun (張延春), pursuant to which: (i) Yuan Linsen (袁琳森) transferred 80% equity interest in Nanjing Jia Feng to Yangzhou Mingyuan at the consideration of RMB4 million; (ii) Zhang Yanchun (張延春) transferred 20% equity interest in Nanjing Jia Feng to Yangzhou Mingyuan at the consideration of RMB1 million; and (iii) Yangzhou Mingyuan agreed to repay the outstanding indebtedness in the amount of RMB195 million due by Nanjing Jia Feng to various creditors. Such consideration was determined after arm's length negotiation between the parties with reference to the respective registered capital contributed by the two individuals and was settled on 13 September 2013. The SAIC registration in relation to the above transfers was completed on 17 September 2013. Upon completion of the aforementioned equity transfers and prior to the Reorganisation, Nanjing Jia Feng was held as to 100% by Yangzhou Mingyuan.

Nanjing Jia Feng commenced its business in December 2011. It is principally engaged in investment holding.

### *Yangzhou Hengyuan*

Yangzhou Hengyuan was established under the laws of the PRC on 1 August 2007 as a limited liability company with a registered capital of RMB40 million and had been owned as to 60% and 40% by Zhejiang Jia Yuan Group and Jiaxing Jindi, respectively, since its establishment and prior to the Reorganisation.

As part of the Reorganisation, Nanjing Gangyuan acquired the entire equity interest in Yangzhou Hengyuan. For details, please refer to the paragraph headed "Reorganisation — Step 7(i) — Acquisition of the entire equity interest in Yangzhou Hengyuan" in this section. Since then, Yangzhou Hengyuan has been held as to 100% by Nanjing Gangyuan.

Yangzhou Hengyuan commenced its business in August 2007. It is principally engaged in property development and property investment.

### **Disposal of subsidiaries and interests in associates**

On 9 October 2012, Hong Kong Jia Yuan entered into an equity transfer agreement to dispose the entire equity interest in Huzhou Xinyuan Construction Management Co., Ltd.\* (湖州鑫源建設管理有限公司) ("Huzhou Xinyuan") to Huzhou Mingyuan Property Development Co., Ltd.\* (湖州明源房地產開發有限公司), a company indirectly and wholly owned by Mr. Shum, at a consideration of RMB137 million, which was determined after arm's length negotiation between the parties by reference to the registered capital of Huzhou Xinyuan. Huzhou Xinyuan is a company established under the laws of the PRC with limited liability on 13 November 2009 and is principally engaged in construction management. For the financial impact as a result of such disposal, please refer to note 32 of the accountants' report set out in Appendix I to this prospectus.

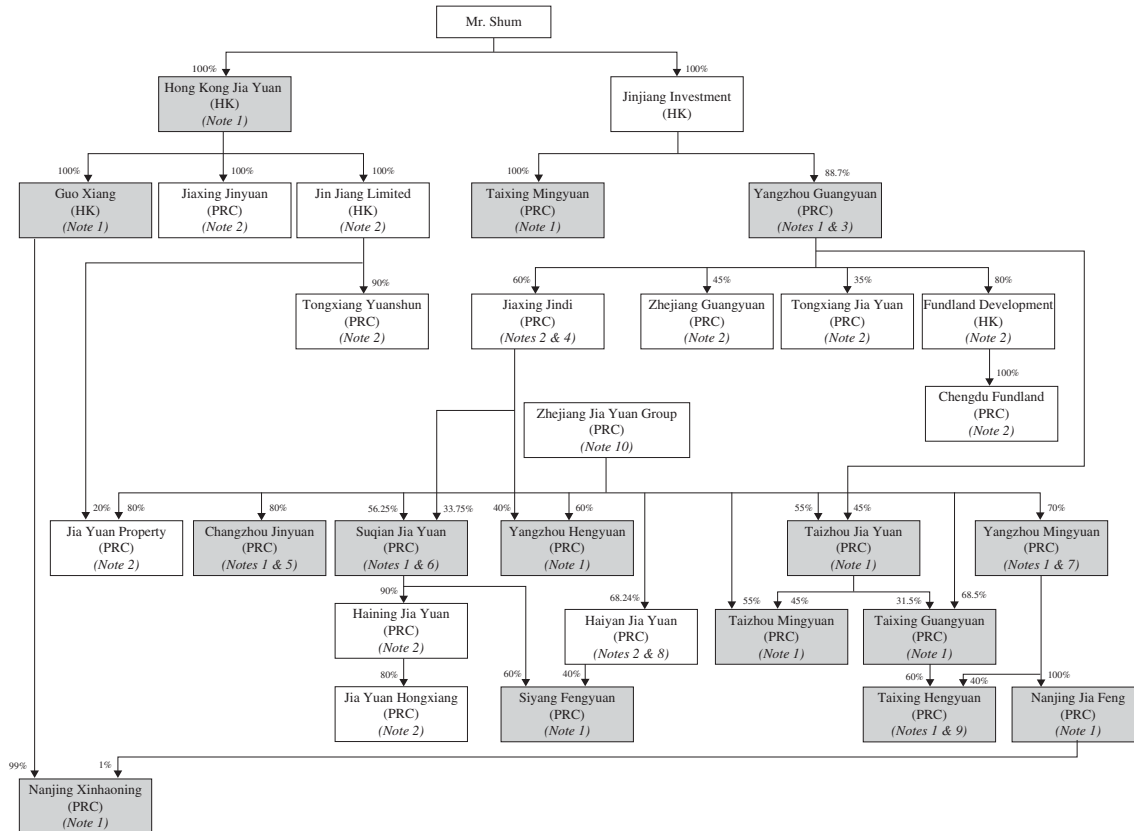
## HISTORY, REORGANISATION AND GROUP STRUCTURE

During the Track Record Period and prior to the Reorganisation, our Group had interests in certain Private Group companies, including Jin Jiang Limited, Tongxiang Yuanshun, Jia Yuan Property, Fundland Development, Chengdu Fundland, Jiaxing Jinyuan, Haining Jia Yuan, Jia Yuan Hongxiang, Jiaxing Jindi, Haiyan Jia Yuan, Tongxiang Jia Yuan and Zhejiang Guangyuan, which were accounted as interests in subsidiaries and associates. All of such companies did not involve in our Group’s property business in the target cities. These entities were disposed by our Group as part of the Reorganisation in order to clearly delineate our business from that of the Private Group. For details, please refer to the paragraph headed “Reorganisation — Step 6 — Disposal of equity interest in various entities not involving in our business” in this section. For the financial impact as a result of such disposals, please refer to the section headed “Financial information — Discontinued operations and their presentation in the consolidated financial statements” in this prospectus and note 31 of the accountants’ report set out in Appendix I to this prospectus for further details.

### REORGANISATION

Prior to the Reorganisation, our subsidiaries were owned by Mr. Shum through companies controlled by him. Apart from our Group, Mr. Shum, through the Private Group, has interest in the Excluded Businesses (as defined in the section headed “Relationship with the Controlling Shareholders — Excluded businesses” in this prospectus). For details of the Excluded Businesses, please refer to the section headed “Relationship with the Controlling Shareholders — Excluded businesses” in this prospectus.

The following chart sets out our simplified corporate and shareholding structure immediately before the Reorganisation:



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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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*Notes:*

1. Each of these companies became members of our Group upon completion of the Reorganisation.
2. Each of these companies was disposed of by us as part of the Reorganisation and did not form part of our Group upon completion of the Reorganisation. For details of such disposals, please refer to the paragraph headed “Reorganisation — Step 6 — Disposal of equity interest in various entities not involving in our business” in this section.
3. The remaining 11.3% equity interest in Yangzhou Guangyuan was owned by Jia Yuan Chuangsheng.
4. The remaining 40% equity interest in Jiaxing Jindi was owned by Zhejiang Guangyuan.
5. The equity interest in Changzhou Jinyuan was legally held as to 100% by Tsho Yun Wai (卓雄偉), of which 80% and 20% equity interest was held on trust for Zhejiang Jia Yuan Group and Changzhou Tian Yu, respectively.
6. The remaining 10% equity interest in Suqian Jia Yuan was owned by Shaoyang Guangyuan.
7. The remaining 30% equity interest in Yangzhou Mingyuan was owned by Jia Yuan Chuangsheng.
8. The remaining 31.76% equity interest of Haiyan Jia Yuan was owned by Taizhou Jia Yuan.
9. Taixing Hengyuan was legally held as to 18%, 12% and 70% by Taixing Guangyuan, Yangzhou Mingyuan and BEA Trust, respectively. BEA Trust subscribed 70% equity interest in Taixing Hengyuan pursuant to a secured trust financing arrangement. Under HKFRS, such trust arrangement was regarded as a borrowing, with the equity interest in Taixing Hengyuan legally transferred as collateral. Accordingly, Taixing Hengyuan was regarded as being owned as to 60% and 40% by Taixing Guangyuan and Yangzhou Mingyuan, respectively. For further details, please refer to the paragraph headed “Corporate Development — our subsidiaries in the PRC — Taixing Hengyuan” in this section.
10. Zhejiang Jia Yuan Group was a company ultimately owned by Mr. Shum and did not form part of our Group.

In contemplation of the Listing, we underwent the Reorganisation to rationalise our group structure and to achieve clear delineation between our business and the Excluded Business. For details of the delineation, please refer to the section headed “Relationship with the Controlling Shareholders — Delineation between our Group and the Private Group” in this prospectus. Below set forth various steps of the Reorganisation:

**(1) Step 1 — Incorporation of Mingyuan Investment**

Mingyuan Investment was incorporated under the laws of the BVI with limited liability on 4 May 2015 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, one share of par value of US\$1.00 was allotted and issued to Mr. Shum, credited as full paid.

**(2) Step 2 — Incorporation of our Company**

Our Company was incorporated as an exempted company under the laws of the Cayman Islands with limited liability on 5 May 2015, with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of nominal value of HK\$0.01 each. On the date of incorporation, one share of nominal value of HK\$0.01 was allotted and issued to Mingyuan Investment as nil paid.

**(3) Step 3 — Incorporation of Jiayuan Investment**

Jiayuan Investment was incorporated under the laws of the BVI with limited liability on 8 May 2015 with an authorised share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each. On the date of incorporation, one share of par value of US\$1.00 was allotted and issued to our Company, credited as fully paid.

**(4) Step 4 — Acquisition of the entire share capital of Hong Kong Jia Yuan**

*(a) Allotment and issue of new shares of Hong Kong Jia Yuan to Jiayuan Investment*

On 1 June 2015, Hong Kong Jia Yuan allotted and issued 990,000 new shares to Jiayuan Investment for a consideration of HK\$990,000, which was duly settled by Jiayuan Investment on the

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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same day. Upon completion of the above allotment, (i) Jiayuan Investment held 990,000 shares of Hong Kong Jia Yuan, representing 99% of the enlarged share capital of Hong Kong Jia Yuan; and (ii) Mr. Shum held the remaining 10,000 shares in Hong Kong Jia Yuan, representing 1% of the enlarged share capital of Hong Kong Jia Yuan.

*(b) Shares buy-back by Hong Kong Jia Yuan from Mr. Shum*

Pursuant to a share buy-back agreement dated 1 June 2015 and entered into between Hong Kong Jia Yuan and Mr. Shum, Hong Kong Jia Yuan bought back its 10,000 shares from Mr. Shum at a consideration of HK\$10,000, which was duly settled by Hong Kong Jia Yuan on the same day and was financed out of the proceeds from the allotment and issue of 990,000 new shares to Jiayuan Investment as set out above.

**(5) Step 5 — Establishment of Nanjing Gangyuan**

Nanjing Gangyuan was established as a wholly foreign-owned enterprise under the laws of the PRC on 27 May 2015 with a registered capital of RMB1 million. Since its establishment, Nanjing Gangyuan has been an indirectly wholly-owned subsidiary of our Group.

**(6) Step 6 — Disposal of equity interest in various entities not involving in our business**

*(a) Disposal of the entire issued share capital of Jin Jiang Limited*

Pursuant to a set of instrument of transfer and bought and sold notes dated 18 April 2015 and entered into between Hong Kong Jia Yuan and Mr. Shum, Hong Kong Jia Yuan agreed to transfer and Mr. Shum agreed to acquire 10,000 shares of HK\$0.0001 each of Jin Jiang Limited, representing the entire issued share capital of Jin Jiang Limited, at the consideration of HK\$1.00. As of the date of such transfer, Jin Jiang Limited held 90% and 20% equity interest in Tongxiang Yuanshun and Jia Yuan Property, respectively.

*(b) Disposal of 80% issued share capital of Fundland Development*

Pursuant to a set of instrument of transfer and bought and sold notes dated 29 May 2015 and entered into between Yangzhou Guangyuan and Jin Jiang Limited, Yangzhou Guangyuan agreed to transfer and Jin Jiang Limited agreed to acquire 8,000 shares of HK\$0.000125 each of Fundland Development, representing 80% issued share capital of Fundland Development, at the consideration of HK\$1.00. As of the date of such transfer, Fundland Development held 100% equity interest in Chengdu Fundland.

*(c) Disposal of the entire equity interest in Jiaxing Jinyuan*

Pursuant to an equity transfer agreement dated 2 June 2015 and entered into between Hong Kong Jia Yuan and Jin Jiang Limited, Hong Kong Jia Yuan agreed to transfer and Jin Jiang Limited agreed to acquire 100% equity interest in Jiaxing Jinyuan at the consideration of USD4 million. Such consideration was determined with reference to the registered capital of Jiaxing Jinyuan and was settled on 15 December 2015. The relevant SAIC registration in relation to the above equity transfer was completed on 12 June 2015.



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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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*(d) Disposal of 90% equity interest in Haining Jia Yuan*

Pursuant to an equity transfer agreement dated 15 May 2015 and entered into between Suqian Jia Yuan and Zhejiang Jia Yuan Group, Suqian Jia Yuan agreed to transfer and Zhejiang Jia Yuan Group agreed to acquire 90% equity interest in Haining Jia Yuan at the consideration of RMB252.9 million. As of the date of such transfer, Haining Jia Yuan held 80% equity interest in Jia Yuan Hongxiang. Such consideration was determined with reference to the registered capital of Haining Jia Yuan and was settled on 15 December 2015. The relevant SAIC registration in relation to the above equity transfer was completed on 29 May 2015.

*(e) Disposal of 60% entire equity interest in Jiaxing Jindi*

Pursuant to an equity transfer agreement dated 21 May 2015 and entered into between Yangzhou Guangyuan and Zhejiang Guangyuan, Yangzhou Guangyuan agreed to transfer and Zhejiang Guangyuan agreed to acquire 60% equity interest in Jiaxing Jindi at the consideration of RMB144 million. Such consideration was determined with reference to the registered capital of Jiaxing Jindi and was settled on 15 December 2015. The relevant SAIC registration in relation to the above equity transfer was completed on 29 May 2015.

*(f) Disposal of 31.76% equity interest in Haiyan Jia Yuan*

Pursuant to an equity transfer agreement dated 1 June 2015 and entered into between Taizhou Jia Yuan and Zhejiang Jia Yuan Group, Taizhou Jia Yuan agreed to transfer and Zhejiang Jia Yuan Group agreed to acquire 31.76% equity interest in Haiyan Jia Yuan at the consideration of RMB75.6 million. Such consideration was determined with reference to the registered capital of Haiyan Jia Yuan and was settled on 15 December 2015. The relevant SAIC registration in relation to the above equity transfer was completed on 15 September 2015.

*(g) Disposal of 35% equity interest in Tongxiang Jia Yuan*

Pursuant to an equity transfer agreement dated 17 May 2015 and entered into between Yangzhou Guangyuan and Jia Yuan Chuangsheng, Yangzhou Guangyuan agreed to transfer and Jia Yuan Chuangsheng agreed to acquire 35% equity interest in Tongxiang Jia Yuan at the consideration of RMB7.81 million. Such consideration was determined with reference to the registered capital of Tongxiang Jia Yuan and was settled on 15 December 2015. The relevant SAIC registration in relation to the above equity transfer was completed on 26 May 2015.

*(h) Disposal of 45% equity interest in Zhejiang Guangyuan*

Pursuant to an equity transfer agreement dated 27 May 2015 and entered into between Yangzhou Guangyuan and Jia Yuan Chuangsheng, Yangzhou Guangyuan agreed to transfer and Jia Yuan Chuangsheng agreed to acquire 45% equity interest in Zhejiang Guangyuan at the consideration of RMB22.59 million. Such consideration was determined with reference to the registered capital of Zhejiang Guangyuan and was settled on 15 December 2015. The relevant SAIC registration in relation to the above equity transfer was completed on 28 May 2015.

Upon completion of steps 6(a) to (h) above, our Group ceased to have any interest in Jin Jiang Limited, Tongxiang Yuanshun, Jia Yuan Property, Fundland Development, Chengdu Fundland, Jiaxing Jinyuan, Haining Jia Yuan, Jia Yuan Hongxiang, Jiaxing Jindi, Haiyan Jia Yuan, Tongxiang Jia Yuan and Zhejiang Guangyuan.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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### (7) Step 7 — Acquisition of our PRC subsidiaries by Hong Kong Jia Yuan and Nanjing Gangyuan

#### (a) Acquisition of the entire equity interest in Taixing Mingyuan

Pursuant to an equity transfer agreement dated 1 June 2015 and entered into between Jinjiang Investment and Hong Kong Jia Yuan, Jinjiang Investment agreed to transfer and Hong Kong Jia Yuan agreed to acquire 100% equity interest in Taixing Mingyuan at the consideration of RMB60 million. Such consideration was determined with reference to the registered capital of Taixing Mingyuan and was settled on 11 September 2015. The relevant SAIC registration in relation to the above equity transfer was completed on 18 August 2015.

#### (b) Acquisition of the entire equity interest in Yangzhou Guangyuan

Pursuant to an equity transfer agreement dated 1 June 2015 and entered into between Jinjiang Investment and Hong Kong Jia Yuan, Jinjiang Investment agreed to transfer and Hong Kong Jia Yuan agreed to acquire 88.7% equity interest in Yangzhou Guangyuan at the consideration of USD20 million. On the same date, Jia Yuan Chuangsheng and Nanjing Gangyuan entered into an equity transfer agreement, under which Jia Yuan Chuangsheng agreed to transfer and Nanjing Gangyuan agreed to acquire 11.3% equity interest in Yangzhou Guangyuan at the consideration of USD2.56 million. The respective consideration was determined with reference to the registered capital of Yangzhou Guangyuan. The consideration payable to Jinjiang Investment was settled on 11 September 2015, and the consideration payable to Jia Yuan Chuangsheng was settled on 21 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 30 June 2015.

#### (c) Acquisition of the entire equity interest in Changzhou Jinyuan

Pursuant to an equity transfer agreement dated 1 June 2015 and entered into between Tsho Yun Wai (卓雄偉) (as the registered owner of the entire equity interest in Changzhou Jinyuan whom held such equity interest on trust for Zhejiang Jia Yuan Group and Changzhou Tian Yu as to 80% and 20%, respectively) and Hong Kong Jia Yuan, as supplemented by a supplemental agreement dated 1 June 2015 entered into between Tsho Yun Wai (卓雄偉), Hong Kong Jia Yuan, Zhejiang Jia Yuan Group and Changzhou Tian Yu, Tsho Yun Wai (卓雄偉) agreed to transfer and Hong Kong Jia Yuan agreed to acquire 100% equity interest in Changzhou Jinyuan at the consideration of Hong Kong dollar equivalent for the amount of RMB70.5 million. Such consideration was determined with reference to the registered capital of Changzhou Jinyuan and was settled on 11 September 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 24 June 2015.

Upon completion of these steps 7(a) to (c) above, each of Taixing Mingyuan and Changzhou Jinyuan became 100% held by Hong Kong Jia Yuan while Yangzhou Guangyuan was held by Hong Kong Jia Yuan and Nanjing Gangyuan as to 88.7% and 11.3%, respectively.

#### (d) Acquisition of the entire equity interest in Taizhou Jia Yuan

Pursuant to an equity transfer agreement dated 1 June 2015 and entered into by Yangzhou Guangyuan, Zhejiang Jia Yuan Group and Nanjing Gangyuan, (i) Yangzhou Guangyuan transferred its equity interest in the amount of RMB63 million in Taizhou Jia Yuan (representing 45% equity interest in Taizhou Jia Yuan) to Nanjing Gangyuan at the consideration of RMB63 million, and (ii) Zhejiang Jia Yuan Group transferred its equity interest in the amount of RMB77 million in Taizhou Jia Yuan (representing 55% equity interest in Taizhou Jia Yuan) to Nanjing Gangyuan at the consideration of RMB77 million. The respective consideration was determined with reference to the registered capital of Taizhou Jia Yuan. The consideration payable to Yangzhou Guangyuan was fully settled on 10 August 2015. The consideration payable to Zhejiang Jia Yuan Group was partly settled on 10 August 2015 and the remaining balance was settled on 21 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 10 June 2015.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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*(e) Acquisition of the entire equity interest in Taizhou Mingyuan*

Pursuant to an equity transfer agreement dated 1 June 2015 and entered into by Taizhou Jia Yuan, Zhejiang Jia Yuan Group and Nanjing Gangyuan, (i) Taizhou Jia Yuan transferred its equity interest in the amount of RMB27 million in Taizhou Mingyuan (representing 45% equity interest in Taizhou Mingyuan) to Nanjing Gangyuan at the consideration of RMB27 million, and (ii) Zhejiang Jia Yuan Group transferred its equity interest in the amount of RMB33 million in Taizhou Mingyuan (representing 55% equity interest in Taizhou Mingyuan) to Nanjing Gangyuan at the consideration of RMB33 million. The respective consideration was determined with reference to the registered capital of Taizhou Mingyuan and was settled in full on 10 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 10 June 2015.

*(f) Acquisition of the entire equity interest in Yangzhou Mingyuan*

Pursuant to an equity transfer agreement dated 1 June 2015 and entered into between Jia Yuan Chuangsheng, Zhejiang Jia Yuan Group and Nanjing Gangyuan, Jia Yuan Chuangsheng and Zhejiang Jia Yuan Group transferred 100% equity interest in Yangzhou Mingyuan to Nanjing Gangyuan at the consideration of RMB10 million. At the date of transfer, the equity interest of Yangzhou Mingyuan was held as to 30% and 70% by Jia Yuan Chuangsheng and Zhejiang Jia Yuan Group, respectively. The consideration was determined with reference to the registered capital of Yangzhou Mingyuan and was settled in full on 10 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 8 June 2015.

*(g) Acquisition of the entire equity interest in Siyang Fengyuan*

Pursuant to two equity transfer agreements dated 2 June 2015 and entered into between (i) Haiyan Jia Yuan and Nanjing Gangyuan; and (ii) Suqian Jia Yuan and Nanjing Gangyuan, (i) Haiyan Jia Yuan transferred 40% equity interest in Siyang Fengyuan to Nanjing Gangyuan at the consideration of RMB20 million; and (ii) Suqian Jia Yuan transferred 60% equity interest in Siyang Fengyuan to Nanjing Gangyuan at the consideration of RMB30 million. The respective consideration was determined with reference to the registered capital of Siyang Fengyuan. The consideration payable to Suqian Jia Yuan was settled in full on 10 August 2015. The consideration payable to Haiyan Jia Yuan was settled on 21 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 11 June 2015.

*(h) Acquisition of the entire equity interest in Taixing Guangyuan*

Pursuant to two equity transfer agreements dated 1 June 2015 and entered into between (i) Taizhou Jia Yuan and Nanjing Gangyuan; and (ii) Zhejiang Jia Yuan Group and Nanjing Gangyuan, (i) Taizhou Jia Yuan transferred 31.5% equity interest in Taixing Guangyuan to Nanjing Gangyuan at the consideration of RMB94.5 million; and (ii) Zhejiang Jia Yuan Group transferred 68.5% equity interest in Taixing Guangyuan to Nanjing Gangyuan at the consideration of RMB205.5 million. The respective consideration was determined with reference to the registered capital of Taixing Guangyuan and was settled in full on 10 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 28 July 2015.

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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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*(i) Acquisition of the entire equity interest in Yangzhou Hengyuan*

Pursuant to two equity transfer agreements dated 1 June 2015 and entered into between (i) Jiaxing Jindi and Nanjing Gangyuan; and (ii) Zhejiang Jia Yuan Group and Nanjing Gangyuan, (i) Jiaxing Jindi transferred equity interest in the amount of RMB16 million (representing 40% of the registered capital) in Yangzhou Hengyuan to Nanjing Gangyuan at the consideration of RMB16 million; and (ii) Zhejiang Jia Yuan Group transferred equity interest in the amount of RMB24 million (representing 60% of the registered capital) in Yangzhou Hengyuan to Nanjing Gangyuan at the consideration of RMB24 million. The respective consideration was determined with reference to the registered capital of Yangzhou Hengyuan and was settled in full on 10 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 6 July 2015.

*(j) Acquisition of 90% equity interest in Suqian Jia Yuan*

Pursuant to two equity transfer agreements dated 3 June 2015 and entered into between (i) Zhejiang Jia Yuan Group and Nanjing Gangyuan; and (ii) Jiaxing Jindi and Nanjing Gangyuan, (i) Zhejiang Jia Yuan Group transferred 56.25% equity interest in Suqian Jia Yuan to Nanjing Gangyuan at the consideration of RMB33.75 million; and (ii) Jiaxing Jindi transferred 33.75% equity interest in Suqian Jia Yuan to Nanjing Gangyuan at the consideration of RMB20.25 million. The respective consideration was determined with reference to the registered capital of Suqian Jia Yuan and was settled in full on 10 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 25 June 2015.

*(k) Acquisition of the entire equity interest in Taixing Hengyuan*

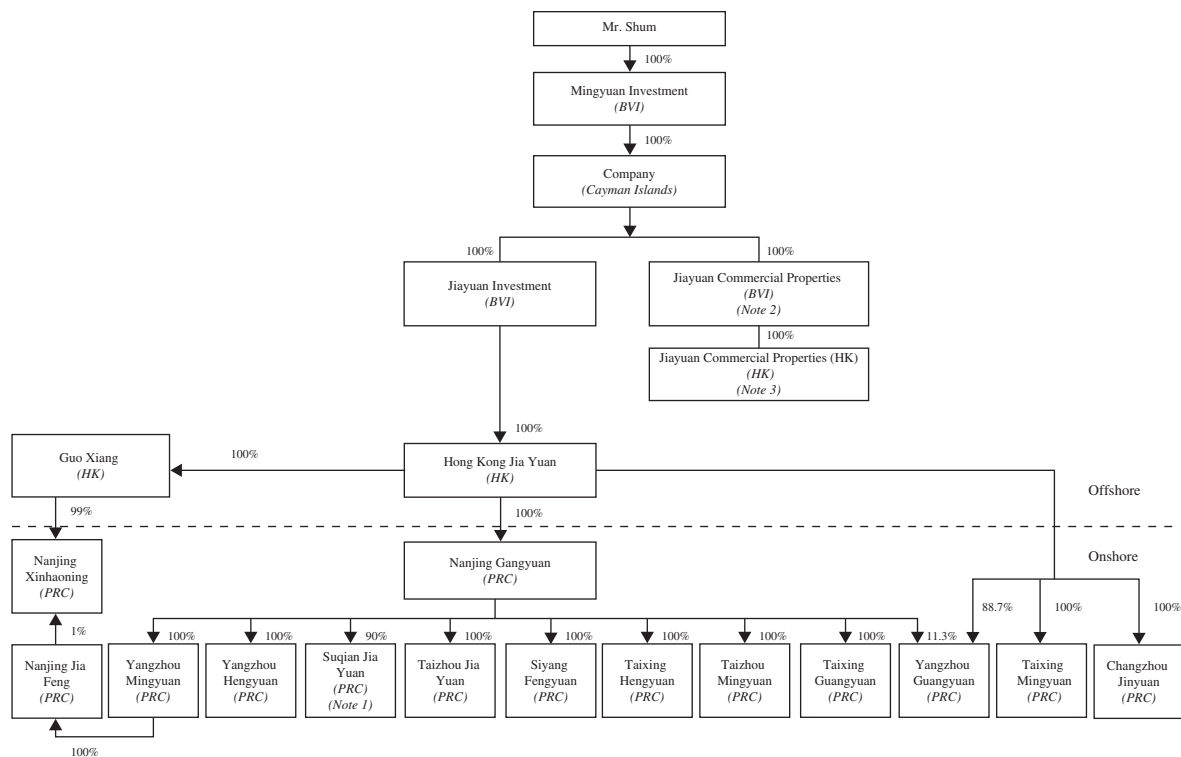
Pursuant to three equity transfer agreements dated 1 June 2015 and entered into between (i) Taixing Guangyuan and Nanjing Gangyuan; (ii) Yangzhou Mingyuan and Nanjing Gangyuan; and (iii) BEA Trust and Nanjing Gangyuan, (i) Taixing Guangyuan transferred equity interest in the amount of RMB4.8 million (representing 18% of the registered capital) in Taixing Hengyuan to Nanjing Gangyuan at the consideration of RMB4.8 million; (ii) Yangzhou Mingyuan transferred equity interest in the amount of RMB3.2 million (representing 12% of the registered capital) in Taixing Hengyuan to Nanjing Gangyuan at the consideration of RMB3.2 million; and (iii) BEA Trust transferred equity interest in the amount of RMB18.67 million (representing 70% of the registered capital) in Taixing Hengyuan to Nanjing Gangyuan at the consideration of RMB18.67 million. The respective consideration was determined with reference to the registered capital of Taixing Hengyuan. The consideration payable to BEA Trust was settled in full as of 29 May 2015 and the respective consideration payable to Yangzhou Mingyuan and Taixing Guangyuan was settled in full on 10 August 2015. The relevant SAIC registration in relation to the above equity transfers was completed on 28 July 2015.

Upon completion of steps 7(d) to (k) above, each of Taizhou Jia Yuan, Taizhou Mingyuan, Yangzhou Mingyuan, Siyang Fengyuan, Taixing Guangyuan, Yangzhou Hengyuan and Taixing Hengyuan became 100% held by Nanjing Gangyuan and Suqian Jia Yuan became 90% held by Nanjing Gangyuan.

Our PRC Legal Adviser is of the view that the acquisitions and disposals of our PRC subsidiaries disclosed in this section have been conducted in line with the procedures under applicable laws and regulations of the PRC and all equity transfers have been duly registered with local registration authorities of the PRC.

## HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart sets out our shareholding and corporate structure immediately after the Reorganisation but before completion of the Capitalisation Issue and the Global Offering:



### Notes:

1. The remaining 10% equity interest of Suqian Jia Yuan is owned by Shaoyang Guangyuan.
2. Jiayuan Commercial Properties was incorporated under the laws of the BVI on 10 November 2015 for business development of our Group.
3. Jiayuan Commercial Properties (HK) was incorporated under the laws of Hong Kong on 30 November 2015 to manage the lease operation of our Group.

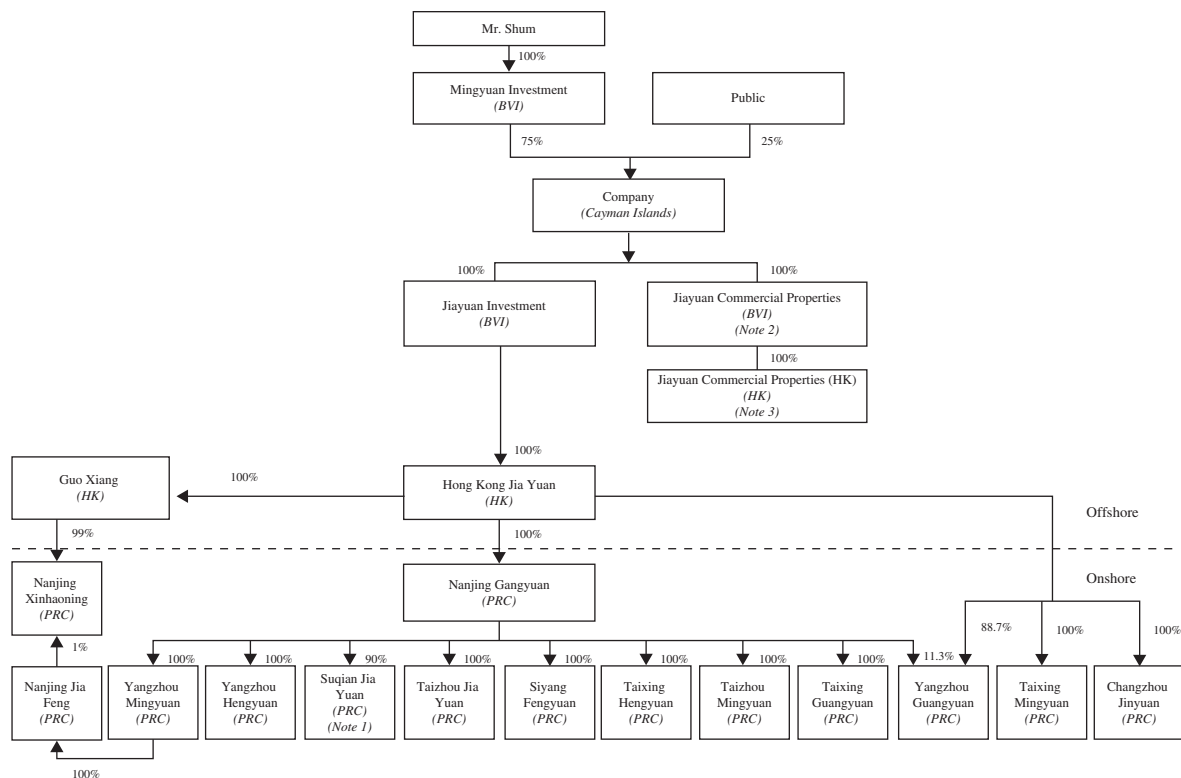
## CAPITALISATION ISSUE AND GLOBAL OFFERING

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Company will capitalise all or a portion, as the case may be, of the credit standing to the share premium account and applying such sum in paying up in full at nominal value a total of 1,349,999,999 Shares for allotment and issue to Mingyuan Investment entirely. Our Company will issue 450,000,000 Shares under and upon completion of the Global Offering, assuming the Over-allotment Option is not exercised.

Immediately after completion of the Capitalisation Issue and the Global Offering, assuming that the Over-allotment Option is not exercised, Mingyuan Investment and the public holders of our Shares will hold 1,350,000,000 and 450,000,000 Shares, respectively, representing 75% and 25% of the enlarged issued share capital of our Company.

## HISTORY, REORGANISATION AND GROUP STRUCTURE

The following chart sets out our shareholding and corporate structure immediately following completion of the Capitalisation Issue and the Global Offering (taking into no account of any Shares that may be issued pursuant to the exercise of the Over-allotment Option or the options to be granted under the Share Option Scheme):



### Notes:

1. The remaining 10% equity interest of Suqian Jia Yuan is owned by Shaoyang Guangyuan.
2. Jiayuan Commercial Properties was incorporated under the laws of the BVI on 10 November 2015 for business development of our Group.
3. Jiayuan Commercial Properties (HK) was incorporated under the laws of Hong Kong on 30 November 2015 to manage the lease operation of our Group.

## M&A PROVISIONS

Pursuant to the M&A Provisions, an offshore special purpose vehicle (the “Offshore SPV”) incorporated for purposes of overseas listing of equity interest in PRC domestic companies controlled directly or indirectly by PRC entities or individuals must obtain MOFCOM approval prior to such Offshore SPV acquiring any related entities or their assets in the PRC, as well as CSRC approval prior to the listing and trading of the securities of such Offshore SPV on an overseas stock exchange. Our PRC Legal Adviser advised that, since Mr. Shum, one of our Controlling Shareholders, is a Hong Kong permanent resident but not a domestic natural person defined under the M&A Provisions, Article 11 of the M&A Provisions is not applicable to the acquisitions by Nanjing Gangyuan and Hong Kong Jia Yuan, therefore, unless new laws and regulations are enacted, or MOFCOM and CSRC have new provisions or interpretations on the M&A Provisions in the future, the acquisitions by Nanjing Gangyuan and Hong



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## HISTORY, REORGANISATION AND GROUP STRUCTURE

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Kong Jia Yuan did not constitute an acquisition under Article 11 of the M&A Provisions 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 MOFCOM or the CSRC under the M&A Provisions.

### **CIRCULAR 37**

On 14 July 2014, SAFE issued the Circular on Relevant Issues Concerning Foreign Exchange Administration of Offshore Investment and Financing and Return Investments Conducted by Domestic Residents through Offshore 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》) (the “Circular 37”) which came into force on the same day, requiring PRC residents who establish or control Offshore SPVs and intend to inject assets or equity interest in their PRC entities into such Offshore SPVs for the purposes of overseas equity financing to register with competent local SAFE branch before contributing assets or equity interest in such Offshore SPVs. Following the initial registration, the PRC residents are also required to register with the local SAFE branch with respect to such Offshore SPVs in connection with any major change in PRC resident shareholders, alteration of capital, term of operation, transfer of shares, share exchange, merger or division. Our PRC Legal Adviser advised that, since Mr. Shum is a Hong Kong permanent resident, he is not subject to the registration procedures of the foreign exchange for his overseas investment under the Circular 37.

### OVERVIEW

We are an established property developer of large-scale residential complex projects and integrated commercial complex projects<sup>1</sup> in Jiangsu Province, the PRC. Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure; and (iii) the leasing of commercial properties owned or developed by us.

Adhering to our core development strategy of “major cities and selected key towns” (「大城市、小城镇」), we had, as at 30 November 2015, a portfolio of 19 property development projects in various major cities or key towns in Jiangsu Province, comprising 14 residential complex projects and five integrated commercial complex projects. Out of these 19 property development projects, we completed the development of eight projects and part of seven projects. As at 30 November 2015, we completed a total GFA of approximately 2.6 million sq.m. We had nine on-going projects and two projects, the construction works of which had not commenced, constituting (i) properties under development of approximately 2.0 million sq.m.; and (ii) properties held for future development of approximately 2.3 million sq.m. as at 30 November 2015. Pursuant to our core development strategy, we will focus our development effort on (i) residential properties in major cities such as Nanjing and Yangzhou; and (ii) integrated commercial complexes in “key towns” (中心镇) or towns which are under key development, such as Taixing and Changzhou.

In response to the national policy of continuing urbanisation, and the call for city modernisation emphasised by the Jiangsu Provincial Government, we envisage that key towns will be developed into major economic and transportation hubs among neighbouring towns, facilitating the pull factors for urbanisation. We expect that the economic development of key towns will also enrich the disposable income of the local residents, which, in turn, will attribute to a healthy demand for residential and commercial properties. We generally select key towns where the level of development of commercial infrastructure is relatively immature for the development of our integrated commercial complexes with a view to satisfying the demand for commercial properties in such key towns. We believe that the implementation of our core development strategy is imperative in maximising our profitability and minimising competition. We also plan to adhere to this core development strategy to expand our operations to develop residential complexes in cities with sizeable regional economies and populations such as Guangzhou, Shenzhen, Zhuhai, Jinan and Chongqing with a view to maximising our return under the projected property demand in the PRC.

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<sup>1</sup> A residential complex developed or planned under such projects does not have a shopping arcade. Under our operational model, we aim to sell all of the residential properties and commercial properties within our residential complexes.

An integrated commercial complex is intended to be developed with a shopping arcade that will be housed with a mixture of restaurants, retail outlets and other facilities. We plan to retain control over the central management of our shopping arcades in order to enable us to select tenants and determine industry composition. Under our operational model, we aim to (i) sell all of the residential properties, and 50% of the commercial properties within our integrated commercial complexes; and (ii) retain the ownership of 50% of the commercial properties for investment purposes.

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## BUSINESS

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As at 30 November 2015, we completed the development of approximately 2.6 million sq.m. in terms of GFA. As at 30 November 2015, we had land reserves of approximately 4.6 million sq.m. in terms of GFA attributable to us for our 19 property development projects, which included (i) properties completed but remaining unsold and held for investment of approximately 0.3 million sq.m.; (ii) properties under development of approximately 2.0 million sq.m.; and (iii) properties held for future development of approximately 2.3 million sq.m.

Our residential complexes and integrated commercial complexes have been or will be developed into mixed-use communal style complexes, which are designed to provide a high level of convenience and enjoyment to our customers. In this regard, we take pride in the following key values of our property development projects:

- (i) *Education value*: we appreciate the importance of education to our customers who are parents. Hence, we aim to choose project sites which are located in an established school network. Since our inception, we participated in the construction of five schools (including a nursery school) which are located within our property development projects.
- (ii) *Leisure value*: we generally apportion a sizeable portion of site area for the development of European or Chinese themed scenic gardens and squares featured with classical or neo-classical landmarks. These gardens and squares are designed not only for the enjoyment of our customers, but also for the provision of visual appeal to the owners of our products and potential customers. We believe that this also gives the owners of our products a sense of pride for owning our products.
- (iii) *Commercial value*: as our property development projects are planned to be developed into communal style complexes, it is our intention that once our commercial properties are fully developed, they will provide for the daily needs of our residential customers and surrounding local residents. Further, each of our shopping arcades within our integrated commercial complexes is designed to offer a “one-stop-shop” shopping experience to customers. In order to achieve the above and maximise our profitability, we plan to retain control over central management of our shopping arcades which enables us to select tenants and their industry composition.

Based on the above features, we believe that our quality property development projects are or will be well received in the locations in which we operate or plan to expand our operation.

Over the years, we have received numerous awards and accolades from government authorities, media organisations and unions of property developers in Jiangsu Province for the high quality of our property development projects. We believe that all these awards represent an indication of the remarkable quality of our Group and our property development projects.

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A breakdown of our revenue by segment for each of the three years ended 31 December 2014 and eight months ended 31 August 2015 is set out below:

	Year ended 31 December						Eight months ended 31 August				
	2012		2013		2014		2014		2015		
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	
	(approx.)		(approx.)		(approx.)		(approx.)		(approx.)		(unaudited)
Property development											
— sale of residential properties	1,533,681	73.2	1,727,331	67.9	1,161,437	50.1	916,138	73.7	768,925	77.6	
— sale of commercial properties (including office space)	262,312	12.5	310,077	12.2	615,466	26.5	150,691	12.1	204,184	20.6	
	<u>1,795,993</u>	<u>85.7</u>	<u>2,037,408</u>	<u>80.1</u>	<u>1,776,903</u>	<u>76.6</u>	<u>1,066,829</u>	<u>85.8</u>	<u>973,109</u>	<u>98.2</u>	
Development services	292,168	14.0	494,392	19.4	525,081	22.7	167,071	13.4	2,997	0.3	
Property investment	6,695	0.3	12,819	0.5	16,282	0.7	9,445	0.8	14,899	1.5	
Total	<u>2,094,856</u>	<u>100.0</u>	<u>2,544,619</u>	<u>100.0</u>	<u>2,318,266</u>	<u>100.0</u>	<u>1,243,345</u>	<u>100.0</u>	<u>991,005</u>	<u>100.0</u>	

### COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our success in the property development market and distinguish us from our competitors:

**A. We undertake a planning and design process and a quality control process to ensure the quality of our products which is fundamental to our performance**

We believe that our design, planning and quality control process ensures the quality of our products and enhances their appeal which is fundamental to our performance.

We believe that our design is innovative. Our innovation is exemplified by one of our key designs which aims to achieve a significant segregation of vehicles from pedestrians. This design aims to maximise surface leisure areas for our residents by diverting all incoming traffic to an extensive underground travelling area, which is accessible to all residential buildings and their respective car parks within the relevant complex.

We place great emphasis on the quality of our properties. We believe that, over the years, we have established a brand image that is associated with high standard of quality for our project. We are aspired to maintain a high standard of quality for our properties at different stages of the development process and have put in place the following measures for maintaining our quality:

- (i) In order to develop quality property complexes, we usually engage construction contractors that possess National Housing Construction General Contracting First Grade Qualification Certificate (國家房屋建築工程施工總承包一級資質認證) and satisfactory track record.

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- (ii) During the construction process of our property development projects, we and/or the third party certified construction supervision companies engaged by us will conduct regular inspection with a view to ensuring that the quality of the relevant construction work is at par with our stipulated standard. Based on our development experience and expertise, we have put in place relevant guidelines setting out countermeasures for dealing with common discrepancies which are usually found in construction works. We believe that these guidelines expedite the inspection and rectification process without compromising the requisite quality.
- (iii) Following the completion of the construction process, completion inspection will be conducted by our regional project company, as well as our headquarters before delivery of properties or, in respect of our shopping arcades, before commencement of business operation.

**B. We have established an operation system that facilitates the development of quality property projects in a timely and cost efficient manner**

Our performance and financial stability is closely associated with our operational efficiency. We believe that due to our established operation system, we have generally been able to develop quality property projects in a timely and cost efficient manner. Our operation system governs, among other things, (i) our efficient execution; and (ii) the construction costs control requirements of our development process.

***(i) Efficient execution***

We believe that our relatively efficient execution is, to a significant extent, attributable to our operating system which stipulates the acceptable time requirement for various types of construction work as well as our operation experience. Based on our experience in the property development industry, we have compiled our standardised design plans which set out details of the basic design requirements applicable to all of our property development projects. Accordingly, we are capable of adopting the standardised design plans and modifying the same according to the needs of the relevant property development project in a relatively efficient manner. In order to demonstrate our efficient operation in terms of construction time management, we had, during the Track Record Period, developed four high-rise apartments and four retail stores for Elite International Garden constituting an aggregate GFA of approximately 97,790 sq.m. in a span of approximately 26 months.

***(ii) Construction costs control***

Due to our established operation system, we are usually capable of effectively controlling the construction costs required for developing the property development project. We control our development costs at various stages of our development process.

Prior to the commencement of construction work, we usually select our construction contractors through public tender process. Under such selection process, we assess each candidate under a set of criteria, which includes construction costs. Such construction costs are typically inclusive of the costs of major raw materials to be procured by the construction contractor, such as steel and cement, for the construction works. Where we are responsible for acquiring certain raw materials, it is our policy to seek quotations from potential suppliers with a view to acquiring such raw materials at relatively low costs. Further, we have established measures for controlling construction costs to be incurred during site formation works, landscaping, piling formation works, erection of lateral support for excavation works (including dewatering work), foundation treatment as well as erection of curtain walls.

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### **C. We have acquired sufficient land reserves for our operations**

We generally acquire project land through government organised public auctions and listing-for-sale process, or by acquiring equity interest in companies that own the project land. As at 30 November 2015, we had land reserves of approximately 4.6 million sq.m. in terms of GFA attributable to us, comprising GFA completed but remaining unsold and held for property investment of approximately 0.3 million sq.m.; GFA under development of approximately 2.0 million sq.m.; GFA held for future development of approximately 2.3 million sq.m. We believe that our land reserves are sufficient for our operations for the next three years.

### **D. We have been successful in establishing the “Jia Yuan” brand and our reputation as a proficient property developer in Jiangsu Province**

We have been operating in Jiangsu Province since our inception in 2003. Over the years, we have a track record of developing award-winning real estates in Jiangsu Province. For instance, our Suqian Park Number One, a residential complex project, was awarded as Innovative Real Estate in Jiangsu Province of 2012 (2012年度江蘇省創新樓盤) by Jiangsu Real Estate Association, for, among other things, its exceptional conceptual and design innovation of this project.

We believe that we have successfully fostered our “Jia Yuan” brand and established ourselves as a proficient property developer. As a testament of our success in this regard, we received the award as a Pioneer Enterprise of Small Town Development\* (小城市建設先進個體) by the Management Committee of Jiangyan Qinhu Scenic Spot\* (姜堰市溱湖風景區管理委員會) in January 2012. We were also recognised as a Pioneer Enterprise in Property and Economic Development of 2011\* (2011年度建築經濟、房地產開發工作先進單位) by the Jiangyan City Government in March 2012. Please refer to the section headed “Business — Awards and accolades” in this prospectus for a full list of awards and accolades received by us.

We believe that the above awards and accolades are imperative for enhancing our brand recognition and customers’ loyalty as we expand.

### **E. We have a stable and experienced management team and abundance of professionals as well as a management and organisation structure that promotes operational efficiency**

We have an experienced and stable management team with diverse background and substantial expertise in the property development industry. Our Chairman and non-executive Director, Mr. Shum, has approximately 20 years of experience in the property development industry in the PRC. Other members of our senior executive management team also have strong background with relevant experience within the industry generally ranging from approximately 10 to 25 years. We are therefore well positioned to benefit from the expertise, experience and network of our senior management when we conduct our business.

In order to retain talents, we offer vocational training to our employees with a view to improving their performance. We believe the remuneration packages offered to our employees are competitive in the markets in which we operate.

We have adopted a two-tiered management and organisational structure with our headquarters as the first tier and regional project companies as the second tier. Each tier of management is vested with separate duties and responsibilities. We believe that the clear delineation of roles and functions contributes to our operational efficiency. Please refer to the section headed “Business — Our management and organisational structure” in this prospectus for further details.



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We believe that our management team as well as our management and organisation structure have significantly contributed to our success and will continue to be critical to our future growth.

### BUSINESS STRATEGIES

We aim to become one of the leading property developers in the PRC. We plan to achieve this target through adopting and implementing the following strategies:

**A. We will further expand our operations in Jiangsu Province and other parts of China in which we currently do not have a presence**

*Adhering to core development strategy — “Major cities and selected key towns”*

Leveraging our reputation and experience in developing residential complex projects and integrated commercial complex projects, we intend to expand our operations in Jiangsu Province and other parts of China outside Jiangsu Province in which we currently do not have a presence. In this regard, we intend to adhere to our core development strategy of focusing our development effort in “major cities and selected key towns”(「大城市、小城鎮」). Under this strategy, we aim to concentrate our development effort on (a) residential complexes in major cities with relatively large population size, high GDP per capita, established transportation system and infrastructure, and (b) integrated commercial complexes in prime locations of selected key towns where the level of development of commercial infrastructure is relatively immature. We aim to select key towns that have a population size of approximately 50,000 to 100,000 and established transportation system, where the developing local economies contribute to the local residents’ increasing disposable income, facilitating a healthy demand for commercial and residential properties.

*Expansion plans in Jiangsu Province*

In respect of our expansion plans in Jiangsu Province, we plan to deploy our resources to property development market in “key towns”(中心鎮) or towns which are under key development in Jiangsu Province, in response to (a) the Report to the Eighteenth National Congress of the Communist Party of China (中國共產黨第十八次全國大會上的報告) delivered by former General Secretary, Hu Jintao, on 8 November 2012, who reinstated the national policy that China should keep to the Chinese-style path of carrying out, among other things, urbanisation; and (b) the Notice of Implementation Scheme of the Provincial Government’s Opinion on Accelerating Urbanisation and Advancing Urban- Rural Integration (關於紮實推進城鎮化促進城鄉發展一體化意見實施方案的通知) promulgated by the Jiangsu Provincial Government in 2013, which requires, among other things, the expedition of city modernisation, enhancement of competitiveness at city level and improvement of living conditions. We envisage that under such policies, key towns will be developed into major economic and transportation hubs among neighbouring towns, facilitating the pull factors for urbanisation. We expect that the economic development in such key towns will also contribute to an increase in the local residents’ disposable income, which in turn, will facilitate a healthy demand for commercial and residential properties. We believe that an early investment in these key towns as one of the pioneers will be supported by the relevant local government and will be financially rewarding. Hence, we plan to develop integrated commercial complexes, comprising residential areas, shopping arcades and other types of commercial properties such as hotels in selected key towns which are currently short of commercial infrastructure, with a view to developing such integrated commercial complexes as the commercial and residential landmark of these key towns. We believe that the implementation of this strategy will be of mutual benefit to the economic development of the relevant key towns and our financial performance. We are in the process of developing two integrated commercial complex projects in Huangqiao town (黃橋鎮) in

Taixing and Xueyan town (雪堰鎮) in Changzhou, both being key towns in Jiangsu Province. In addition, we have two projects located in Taixing and Taizhou which are planned to be developed into integrated commercial complexes. As at 30 November 2015, we had not yet commenced construction works on these two projects.

### *Expansion plans in other parts of China outside Jiangsu Province*

In respect of our expansion plans in other parts of China outside Jiangsu Province, we plan to develop our presence in first and second-tier cities in other provinces in China that exhibit strong demand for mid to high-end real estate. In particular, we plan to expand into (i) provincial capital cities such as Guangzhou, Fuzhou, Wuhan, Changsha, Nanchang, Nanning and Jinan; (ii) prefectural level cities such as Zhuhai and Shantou; (iii) state-plan designated cities such as Xiamen, Dalian and Shenzhen; and (iv) municipalities and special administrative regions such as Chongqing. Based on the JLL Report, each of these cities had a population size of 5 million or above (except Zhuhai and Xiamen) and GDP of RMB300 billion or above (except for Zhuhai and Shantou) in 2014. We believe that such population size and GDP level tend to support strong demand for residential and commercial space. We intend to acquire project land in these cities either by participating in public auction and listing-for-sale process or by acquisition of equity interest of companies that own the relevant project land in these cities. While we have commenced compiling feasibility studies for our expansion plans in Shenzhen, Guangzhou and Zhuhai, as at 30 November 2015, we had not identified any specific acquisition target.

We plan to replicate our standardised design plans (either with or without modification) in areas which we intend to expand in order to swiftly seize any business opportunity that may arise.

### **B. We will continue to enhance the recognition of our “Jia Yuan” brand, develop and improve our resident-oriented and innovative project designs**

We believe that we have successfully established our presence in locations in which we operate. In order to cope with our expansion strategies, we plan to continue to enhance our brand recognition. We intend to achieve this by developing new innovative project designs or refining existing project designs with a view to attracting target customers of varying architectural taste. For instance, while we had been developing European themed complexes, we commenced the development of our Zijin Mansion in 2014, which is a classical Chinese themed residential complex project.

We appreciate the close association of our “Jia Yuan” brand and the quality of our products. In order to maintain our brand image, we will continue to promote our key values, namely the education value, leisure value and commercial value in the development process of our property development projects. In achieving this, we plan to (i) continue to develop schools within our property development projects or otherwise select project sites which are located in established school networks; (ii) persist in the development of quality and sizeable gardens and squares to enhance the general appeal of our property development projects; and (iii) enhance the commercial value of our commercial properties through retaining control over central management of our commercial properties in shopping arcades.

Further, it is our plan to promote our “Jia Yuan” brand by organising, sponsoring and participating in press conferences and exhibitions in addition to our usual marketing means through media and billboard advertisements.

### **C. We will continue to recruit, retain and train our talented employees**

We recognise the importance of retaining a team of highly skilled and motivated workforce for our expansion plans and growth in the long term. We intend to attract new talents across various industry and profession with local knowledge and know-how by offering competitive performance-based remuneration package. We will also continue to offer relevant vocational training and vertical promotion opportunities to identified talents within our organisation for their long term development and growth with us.

### **OUR BUSINESS MODEL**

We are an established property developer of large-scale residential complex projects and integrated commercial complex projects in Jiangsu Province, the PRC. Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure; and (iii) the leasing of commercial properties owned or developed by us. While we generate revenue from all of these business segments, and despite any revenue mix or any impact such revenue mix may have on our results of operations, development and sale of property and lease of property will remain as the primary arms of our business focus. We will proactively seek and seize opportunities under appropriate market conditions for new development project initiation to facilitate our property sale and lease, whereas we expect our business operations of provision of development services will be relatively passive and will hinge primarily upon government schedule. The properties we developed are quality real estates which usually adopt classical or neo-classical architectural style under a spectrum of European or Chinese theme located in Jiangsu Province, namely Changzhou, Yangzhou, Taizhou and Suqian; and in Nanjing, the provincial city of Jiangsu Province. Our main target customers are generally individuals or families who seek to purchase residential properties that fall within the middle-to-high price range (i.e. customers who seek to purchase residential properties which fall within or which is higher than the market average selling price of residential properties in the locations in Jiangsu Province in which we operate). Please refer to the section headed “Industry overview — Real estate markets of selected cities in Jiangsu Province” in this prospectus for further details of the benchmark market average selling price.

### **OUR BUSINESS**

#### **DEVELOPMENT AND SALE OF RESIDENTIAL AND COMMERCIAL PROPERTIES**

##### **Overview of our property development projects**

We generally develop a mixture of residential and commercial properties under both our residential complex projects and integrated commercial complex projects. Our residential properties include low-rise, multi-storey, mid-rise and high-rise apartments and townhouses. Our commercial properties include, predominantly, shopping arcades, retail stores in commercial pedestrian streets (商業步行街), office properties and car parks. Our residential complex does not usually have a shopping arcade. Instead, we usually develop commercial pedestrian streets within a residential complex comprising retail stores to cater for the daily needs of our residents. In contrast, each of our integrated commercial complexes is planned to be developed with a shopping arcade that will be housed with a mixture of restaurants, supermarkets, home appliance outlets, cinemas, entertainment facilities, fashion outlets and other retail outlets that sell a variety of merchandise. Each of our shopping arcades is designed to serve the function as a ‘one-stop-shop’ within our integrated commercial complexes. In order to effectively achieve the above, we plan to retain control over central management of our shopping arcades which gives us autonomy in selecting tenants and their industry composition.

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It is our business strategy to (i) sell all of our residential properties developed under residential complex projects and integrated commercial complex projects; (ii) sell all of our commercial properties developed under residential complex projects; and (iii) retain the ownership of approximately 50% of the commercial properties developed in our integrated commercial complex projects for property investment purpose and sell the remainder of the commercial properties to our customers.

As at 30 November 2015, we had a portfolio of 19 property development projects in Jiangsu Province, comprising 14 residential complex projects and five integrated commercial complex projects under various phase of development. Out of these 19 property development projects, we completed the development of eight projects and part of seven projects. As at 30 November 2015, we completed a total GFA of approximately 2.6 million sq.m. As at 30 November 2015, we had nine on-going projects and two projects the construction works of which had not commenced, constituting (i) properties under development of approximately 2.0 million sq.m.; and (ii) properties held for future development of approximately 2.3 million sq.m.

### Classification of property development projects

We set out below our classification of properties and the classification of properties adopted by the reporting accountants in the accountants' report and the Property Valuer in the property valuation report:

<b>Our classification</b>	<b>Reporting accountants</b>	<b>Property Valuer</b>
<ul style="list-style-type: none"><li>Completed properties — we have received completion certificates from the relevant government authorities for these properties</li></ul>	<ul style="list-style-type: none"><li>Properties held for sale</li><li>Investment properties</li></ul>	<ul style="list-style-type: none"><li>Property interest held for sale</li><li>Property interest held for investment</li></ul>
<ul style="list-style-type: none"><li>Properties under development — we have received construction work commencement permits required for these properties, but not the completion certificate</li></ul>	<ul style="list-style-type: none"><li>Properties under development</li></ul>	<ul style="list-style-type: none"><li>Property interest held under development</li></ul>
<ul style="list-style-type: none"><li>Properties held for future development — we have (i) received the land use rights certificate(s); or (ii) signed the relevant land grant contract with the relevant government authorities</li></ul>	<ul style="list-style-type: none"><li>Properties under development</li></ul>	<ul style="list-style-type: none"><li>Property interest held for future development</li></ul>

Please refer to Appendix I and Appendix IV for the full text of the accountants' report and property valuation report respectively.

**Classification of residential properties**

We categorise our residential properties as follows:

- Low-rise apartments (低層住宅) — residential buildings that typically have two to three storeys;
- Multi-storey apartments (多層住宅) — residential buildings that typically have four to six storeys;
- Mid-rise apartments (小高層住宅) — residential buildings that typically have seven to nine storeys;
- High-rise apartments (高層住宅) — residential buildings that typically have 10 storeys or more;
- Townhouses (聯排房屋) — residential houses that are connected to each other and each such house typically has three to four storeys.

Our apartments are constructed with a variety of room types which are designed to suit the different needs of our target customers. We set out below our key apartment types and the intended customers for which they are designed:

<b>Key apartment types</b>	<b>Intended customers</b>	<b>No. of bedrooms</b>
Studio apartments	married, unmarried or bachelor customers	Not more than one
Mid-size apartments	married or unmarried couples with or without families	Two to four
Multi-room apartments	cross-generation families	Five to eight

**Site area and GFA**

The site area information set out in this prospectus is disclosed on the following basis:

- (i) in respect of project land for which we have obtained land use rights certificates, the site area of the relevant property development project or project phase thereof refers to the aggregate site area in such land use rights certificates;
- (ii) in respect of project land for which we have not obtained land use rights certificates, the site area of the relevant property development project or a phase thereof refers to the aggregate site area recorded in the relevant land grant contracts.

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The GFA information in this prospectus is disclosed on the following basis:

- (i) total GFA of a property development project or project phase which has been completed or is under development comprises saleable GFA and non-saleable GFA. Non-saleable GFA refers to ancillary facilities that cannot be sold under PRC laws and regulations. Saleable/rentable GFA of a completed property development project or project phase disclosed in this prospectus generally refers to the internal floor area of our residential properties and commercial properties, which have been allocated with shared floor area. Saleable/rentable GFA of a property development project or project phase comprises saleable GFA remaining unsold, saleable GFA sold and rentable GFA held for property investment for a completed property development project or project phase and saleable/rentable GFA of a property development project under development;
- (ii) total completed GFA information is based on surveying reports. Where the surveying reports are not available, such information is extracted from the completion certificates;
- (iii) saleable/rentable GFA information which includes saleable GFA remaining unsold and rentable GFA held for property investment of a completed property project or project phase, is based on the relevant surveying reports;
- (iv) the GFA sold of a completed property development project or project phase is based on executed sale contracts or pre-sale contracts;
- (v) total GFA under development of a property development project is based on the relevant construction work planning permits;
- (vi) saleable/rentable GFA information of a property development project under development is based on the relevant pre-sale permits or construction work planning permits if the pre-sale permits are not available or applicable;
- (vii) information on saleable GFA pre-sold of a property development project under development is based on executed pre-sale contracts;
- (viii) GFA information on properties held for future development is based on: (a) the relevant construction work planning permits or, if the construction work planning permits are not available, the relevant land use rights certificates for planned GFA; or (b) the relevant land grant contract and our internal records and estimates, which may be subject to change, if we have not obtained the relevant land use rights certificates for the relevant project land.

The names of our property development projects disclosed in this prospectus are those which have been or intended to be adopted by us as the actual names of our projects. Some of the names of our property development projects may be different from those registered with government authorities. The English names of our property development projects are for reference only.



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### Land reserves

The following table sets out a summary of our land reserves by geographical location as at 30 November 2015:

	Completed Saleable GFA remaining unsold (sq.m.)	Rentable GFA held for property investment (sq.m.)	Under development GFA under development (sq.m.)	Future development Planned GFA (sq.m.)	GFA without land use rights certificate (sq.m.)	Total land reserves Total GFA (sq.m.)	Percentage of total land bank by geographical location (%)
Nanjing	—	—	502,067.7	—	—	502,067.7	11.0
Yangzhou	28,247.3	10,288.8	—	—	—	38,536.1	0.8
Changzhou	—	—	187,915.0	—	—	187,915.0	4.1
Taixing	21,023.6	67,833.3	882,440.0	1,322,877.9	143,458.3	2,294,174.8	50.1
Taizhou (other than Taixing)	29,562.3	44,401.8	36,086.6	230,701.6	15,702.2	340,752.3	7.4
Siyang	24,911.1	50,011.0	243,455.6	718,569.4	22,933.3	1,036,947.1	22.7
Suqian (other than Siyang)	9,660.4	—	146,609.0	22,257.9	—	178,527.3	3.9
<b>Total</b>	<u>113,404.7</u>	<u>172,534.9</u>	<u>1,998,573.9</u>	<u>2,294,406.8</u>	<u>182,093.8</u>	<u>4,578,920.3</u>	<u>100</u>

*Note:* Save for property development projects under the development by Suqian Jia Yuan, we own 100% interest in our property development projects. Please refer to the section headed “Business — Details of our property development projects” in this prospectus for further details.

# BUSINESS

## PORTFOLIO OF OUR PROPERTY DEVELOPMENT PROJECTS

The table below is a summary of our portfolio of property development projects as at 30 November 2015.

Project	COMPLETED				UNDER DEVELOPMENT				FUTURE DEVELOPMENT				Group's interest (%)	Group's attributable market value (RMB million)	Reference to property valuation report(7)			
	Site area (sq.m.)	Completed GFA (sq.m.)	Rentable/ Remaining GFA (sq.m.)	Saleable/ Remaining unsold GFA (sq.m.)	Rentable GFA held for property investment (sq.m.)	GFA under development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Saleable/ pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA without land use rights certificates (sq.m.)	Actual/ estimated commencement date for construction (1)	Actual/ estimated commencement date for pre-sale of properties (2)				Actual/ estimated completion date for construction (3)	Development costs incurred (4) (RMB million)	Future development costs to be incurred (5) (RMB million)
<b>I. Residential complex projects</b>																		
<b>NANJING</b>																		
<b>1. Zijin Mansion 紫金御府</b>																		
Residential	339,007.6	—	—	—	—	502,067.7	334,561.0	148,498.4	—	2014 Q2	2014 Q2	2017 Q2	2,892.2	1,021.1	100	5,731.0	13	
Commercial	—	—	—	—	—	264,639.0	264,639.0	148,299.3	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	—	—	—	—	69,922.0	69,922.0	99.1	—	—	—	—	—	—	—	—	—	—
Ancillary	—	—	—	—	—	128,787.7	—	—	—	—	—	—	—	—	—	—	—	—
<b>YANGZHOU</b>																		
<b>2. Yangzhou Park Number One 扬州公园一期</b>																		
Residential	75,590.9	148,894.1	118,280.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	109,374.8	8,905.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	29,183.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	1,430.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>3. Jiyuan Centuria Villa 世纪雅苑</b>																		
Residential	391,087.6	236,311.2	216,383.9	28,095.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	207,138.5	207,138.5	18,880.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	9,245.4	9,245.4	9,245.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	10,538.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>4. Jiyuan Centuria Garden 世纪花园</b>																		
Residential	234,671.3	391,133.8	352,150.3	151.8	8,652.8	—	—	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	298,407.3	298,407.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	53,743.0	53,743.0	151.8	8,652.8	—	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	36,645.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>5. Jiyuan Centuria Villa 世纪雅苑</b>																		
Ancillary	—	3,338.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

# BUSINESS

Project	COMPLETED				UNDER DEVELOPMENT				FUTURE DEVELOPMENT				Group's interest (%)	Group's attributable market value (RMB million)	Reference to property valuation report(7)	
	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Saleable/ remaining unsold (sq.m.)	Rentable GFA held for property investment (sq.m.)	GFA under development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Saleable/ pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA without land use rights certificates (sq.m.)	Actual/ estimated commencement date for construction (1)	Actual/ estimated commencement date for pre-sale of properties (2)				Actual/ estimated completion date for construction (3)
<b>5. Jiyuan Centuria</b>																
<b>Seawen Park</b> 世纪新城	60,972.3	119,978.2	98,735.0	—	915.2	—	—	—	—	2009 Q3	2009 Q4	2012 Q4	455.0	—	6.8	32
Residential	—	98,735.0	98,735.0	—	915.2	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	17,178.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	4,065.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>TAKING</b>																
<b>6. Venice Metropolis</b>																
<b>威尼斯城</b>	660,576.0	222,562.3	173,877.9	2,388.6	—	432,611.4	372,783.2	35,866.0	1,023,259.0	—	2011 Q2	2011 Q2	2,443.1	5,066.6	3,951.0	10, 19, 28
Residential	—	158,671.6	138,671.6	2,388.6	—	365,754.8	365,754.8	35,866.0	764,793.0	—	—	—	—	—	—	—
Commercial	—	15,146.3	15,146.3	—	—	7,028.4	7,028.4	—	166,101.0	—	—	—	—	—	—	—
Underground facilities	—	47,699.1	—	—	—	55,802.6	—	—	85,341.0	—	—	—	—	—	—	—
Ancillary	—	1,065.3	—	—	—	4,525.6	—	—	7,024.0	—	—	—	—	—	—	—
<b>7. Qianxi Garden</b>																
<b>钱溪花园</b>	69,486.0	83,165.6	32,578.1	5,779.0	—	—	—	—	—	2012 Q3	2013 Q2	2014 Q4	178.0	—	105.0	11
Residential	—	16,080.7	16,080.7	—	—	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	16,497.4	16,497.4	5,779.0	—	—	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	49,185.7	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	1,401.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>TAIZHOU</b>																
<b>8. Oriental Bright City</b>																
<b>东方不夜城</b>	77,021.4	310,627.4	255,892.3	183,134	34,374.1	—	—	—	—	2009 Q3	2008 Q4	2015 Q2	1,333.4	—	448.0	6, 34
Residential	—	131,574.0	131,574.0	13,386.1	—	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	124,318.3	124,318.3	4,927.3	34,374.1	—	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	52,033.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	2,702.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>9. Oriental Park City</b>																
<b>东方巴黎城</b>	226,402.2	274,747.8	227,332.3	1,453.5	—	36,086.6	27,364.6	4,563.8	214,999.4	2009 Q4	2009 Q1	2016 Q3	1,077.8	65.8	529.0	7, 21, 29
Residential	—	198,814.7	198,814.7	900.8	—	27,364.6	27,364.6	4,563.8	150,499.6	—	—	—	—	—	—	—
Commercial	—	28,517.6	28,517.6	532.7	—	—	—	—	64,499.8	—	—	—	—	—	—	—
Underground facilities	—	35,226.0	—	—	—	8,722.0	—	—	—	—	—	—	—	—	—	—
Ancillary	—	12,179.5	—	—	—	—	—	—	—	—	—	—	—	—	—	—

# BUSINESS

Project	COMPLETED				UNDER DEVELOPMENT				FUTURE DEVELOPMENT				Group's interest (%)	Group's attributable market value (RMB million)	Reference to property valuation report(7)	
	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Saleable/ remaining unsold (sq.m.)	Rentable GFA held for property investment (sq.m.)	GFA under development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Saleable/ pre-sold (sq.m.)	Planned GFA (sq.m.)	GFA without land use rights certificates (sq.m.)	Actual/ estimated commencement date for construction (1)	Actual/ estimated commencement date for pre-sale of properties (2)				Actual/ estimated completion date for construction (3)
<b>10. QINGDAO Number One</b>																
青島市 麗島一號	68,330.4	37,865.0	28,044.8	9,795.4	10,027.7	—	—	—	—	2011 Q3	2011 Q4	2013 Q4	246.4	—	178.9	8.35
Residential		17,987.1	17,987.1	9,795.4	—	—	—	—	—							
Commercial		10,027.7	10,027.7	—	10,027.7	—	—	—	—							
Underground facilities		9,850.2	—	—	—	—	—	—	—							
Ancillary		—	—	—	—	—	—	—	—							
<b>SUZHOU</b>																
<b>11. Elite International Garden</b>																
名人園藝花園	53,970.0	210,046.3	175,491.0	861.9	—	—	—	—	—	2010 Q2	2010 Q3	2013 Q3	664.3	—	6.9	3
Residential		142,378.4	142,378.4	207.7	—	—	—	—	—							
Commercial		33,112.6	33,112.6	654.2	—	—	—	—	—							
Underground facilities		27,957.1	—	—	—	—	—	—	—							
Ancillary		14,598.2	—	—	—	—	—	—	—							
<b>12. Suqian Park Number One</b>																
宿遷公園一號	126,182.9	226,348.8	154,353.1	8,798.5	—	146,699.0	123,454.5	89,241.1	22,257.9	2011 Q4	2011 Q4	2017 Q1	991.2	186.3	681.5	4,16.25
Residential		143,510.3	143,510.3	3,814.2	—	111,103.5	111,103.5	87,239.0	18,027.4							
Commercial		10,842.8	10,842.8	4,984.3	—	12,351.0	12,351.0	2,002.1	4,230.5							
Underground facilities		69,560.1	—	—	—	21,478.5	—	—	—							
Ancillary		2,435.6	—	—	—	1,676.0	—	—	—							
<b>SIVANG</b>																
<b>13. Paris Metropolis</b>																
巴黎都市	173,000.0	16,089.5	9,274.8	—	—	117,115.8	112,500.1	56,968.0	53,880.0	2011 Q4	2012 Q4	2019 Q4	666.7	1,705.2	1,052.1	17.26
Residential		7,497.6	7,497.6	—	—	95,096.6	95,096.6	52,428.0	250,053.8							
Commercial		1,772.2	1,772.2	—	—	17,403.5	17,403.5	4,500.0	119,163.0							
Underground facilities		4,925.0	—	—	—	4,615.7	—	—	150,571.2							
Ancillary		1,889.7	—	—	—	—	—	—	4,124.0							
<b>14. Rome Metropolis</b>																
羅馬都市	170,540.0	189,961.3	165,423.7	24,911.1	50,011.0	126,339.8	115,179.8	41,497.0	194,689.4	2012 Q4	2012 Q4	2020 Q4	901.3	390.7	922.5	5,18.27.33
Residential		105,791.3	105,791.3	8,539.5	—	103,869.6	103,869.6	39,463.0	74,732.0							
Commercial		58,591.7	59,632.4	6,331.6	50,011.0	11,310.2	11,310.2	2,034.0	9,902.0							
Underground facilities		24,328.3	—	—	—	10,290.0	—	—	110,055.4							
Ancillary		1,250.0	—	—	—	870.0	—	—	—							

# BUSINESS

Project	COMPLETED				UNDER DEVELOPMENT				FUTURE DEVELOPMENT				Group's interest (%)	Group's attributable market value (RMB million)	Reference to property valuation report <sup>(7)</sup>			
	Site area (sq.m.)	Completed GFA (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Saleable/ Rentable GFA remaining unsold (sq.m.)	Rentable GFA held for property investment (sq.m.)	GFA under development (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Saleable/ pre-sold GFA (sq.m.)	Planned GFA (sq.m.)	GFA without land use rights certificates (sq.m.)	Actual/ estimated commencement date for construction (1)	Actual/ estimated commencement date for pre-sale of properties (2)				Actual/ estimated completion date for construction (3)	Development costs incurred <sup>(4)</sup> (RMB million)	Future development costs to be incurred <sup>(5)</sup> (RMB million)
<b>II. Integrated commercial complex projects</b>																		
<b>CHANGZHOU</b>																		
<b>15. Xueyan Jiayuan Central Plaza</b>																		
雪雁佳苑中心廣場	58,601.0	—	—	—	—	187,915.0	153,816.0	58,258.6	—	2014 Q1	2014 Q2	2017 Q2	311.1	389.8	100	698.0	14	
Residential	—	—	—	—	—	75,354.0	75,354.0	39,436.7	—	—	—	—	—	—	—	—	—	—
Commercial	—	—	—	—	—	78,462.0	78,462.0	18,821.9	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	—	—	—	—	30,321.0	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	—	—	—	—	3,778.0	—	—	—	—	—	—	—	—	—	—	—	—
<b>TAIJING</b>																		
<b>16. Huangjiao Jiayuan Central Plaza</b>																		
黃角佳苑中心廣場	123,939.6	67,664.8	66,515.3	7,390.8	47,567.2	118,893.9	87,089.9	53,612.3	156,160.6	2013 Q3	2013 Q4	2017 Q2	647.3	614.6	100	817.7	12, 15, 22, 37	
Residential	—	—	—	—	—	82,028.3	82,028.3	49,680.1	118,840.3	—	—	—	—	—	—	—	—	—
Commercial	—	66,515.3	66,515.3	7,390.8	47,567.2	5,011.6	5,011.6	3,982.2	32,000.4	—	—	—	—	—	—	—	—	—
Underground facilities	—	1,149.5	—	—	—	29,790.0	—	—	3,759.0	—	—	—	—	—	—	—	—	—
Ancillary	—	—	—	—	—	1,764.0	—	—	1,501.9	—	—	—	—	—	—	—	—	—
<b>17. Jiayuan New World</b>																		
新天地	121,316.0	60,333.7	47,878.7	5,465.2	20,266.1	331,234.7	233,448.7	813.6	—	2012 Q4	2012 Q4	2018 Q2	1,898.9	273.1	100	2,149.0	9, 20, 36	
Residential	—	—	—	—	—	82,873.0	82,873.0	—	—	—	—	—	—	—	—	—	—	—
Commercial	—	47,878.7	47,878.7	5,465.2	20,266.1	152,575.7	152,575.7	813.6	—	—	—	—	—	—	—	—	—	—
Underground facilities	—	12,455.0	—	—	—	92,404.0	—	—	—	—	—	—	—	—	—	—	—	—
Ancillary	—	—	—	—	—	3,382.0	—	—	—	—	—	—	—	—	—	—	—	—
<b>18. Guji Jiayuan Central Plaza</b>																		
古晉佳苑中心廣場	85,048.0	—	—	—	—	—	—	—	143,458.3	2016 Q2	—	2018 Q4	40.6	441.1	100	— <sup>(8)</sup>	23	
<b>TAIZHOU</b>																		
<b>19. Taizhou Jiayuan Central Plaza</b>																		
泰州佳苑中心廣場	15,702.2	—	—	—	—	—	—	—	15,702.2	2016 Q4	—	2018 Q4	13.5	35.1	100	— <sup>(9)</sup>	24	
Total	3,129,445.4	2,604,729.8	2,122,121.8	113,404.7	172,554.9	1,998,573.9	1,562,147.8	489,318.8	2,294,406.8	182,093.8	—	—	—	—	—	—	—	—

*Notes:*

1. “Actual/estimated commencement date for construction” refers to the date on which construction of the first building of the project commenced or is estimated to commence based on our internal records.
2. “Actual/estimated commencement date for pre-sale of properties” refers to the date our Group obtained or is estimated to obtain a pre-sale permit for the project based on our internal records.
3. “Actual/estimated completion date for construction” of (a) completed projects refers to the date of the proof of examination and acceptance of completion for each project and that of (b) projects under development is based on our current estimation with reference to construction working plans.
4. “Development costs incurred” refers to direct (unaudited) costs incurred for the relevant project including land acquisition costs, construction costs and capitalised interest costs incurred by our Group as at 30 November 2015.
5. “Future development costs to be incurred” refers to the budgeted costs estimated to be incurred by us based on the development costs incurred as at 30 November 2015.
6. These underground facilities include car parks and civil air defence car parks developed or planned to be developed by us. Please refer to the section headed “Business — Civil air defence car parks and non-civil air defence car parks” in this prospectus for further details.
7. For property interests held for investment, the Property Valuer adopted the income capitalisation approach by capitalisation of rental income derived from existing leases with due allowance for the reversionary income potential of such leases or with reference to comparable market information. In assessing the value of property interests held for investment, the Property Valuer considered rental evidence or asking rent of similar commercial development in the locality and assumed a market yield of 3-4% which is considered to be in line with the market yield of the relevant property sector in the region. Please refer to the property valuation report in Appendix IV to this prospectus for further details on the basis of valuation.
8. We have not yet not obtained the relevant land use rights certificates for this project land, and no commercial value has been attributed to this property in the valuation of this project land. However, we have entered into land grant contracts with the relevant government authority for the acquisition of this project land. Further, the PRC Legal Adviser has advised that based on the confirmation issued by the relevant competent government authority, we are legally entitled to obtain the relevant land use rights certificate provided that we are able to perform the obligations under the relevant land grant contracts. For further details, please refer to the section headed “Business — Details of our property development projects” in this prospectus. For reference purpose, the market value of the project land as at 30 November 2015 would have been RMB94,000,000 assuming proper title certificate had been obtained and the project land could be freely transferred. Please also refer to the property valuation report in Appendix IV to this prospectus for further details.
9. We have not yet not obtained the relevant land use rights certificates for this project land, and no commercial value has been attributed to this property in the valuation of this project land. However, the Group has entered into land grant contracts with the relevant government authority for the acquisition of this project land. Further, the PRC Legal Adviser has advised that based on the confirmation issued by the relevant competent government authority, we are legally entitled to obtain the relevant land use rights certificate provided that we are able to perform the obligations under the relevant land grant contracts. For further details, please refer to the section headed “Business — Details of our property development projects” in this prospectus. For reference purpose, the market value of the project land as at the valuation date would have been RMB21,000,000 assuming proper title certificate had been obtained and the project land could be freely transferred. Please refer to the property valuation report in Appendix IV to this prospectus for further details.



**BUSINESS**

**CONTRACTED SALES FOR PROPERTIES**

The following table sets out a summary of our total contracted sales for the periods indicated. Revenue from sale of properties is recognised upon delivery of our properties to our customers, which generally takes place within two years from the date of the relevant sales contract.

Project	Year ended 31 December						Eight months ended 31 August					
	2012		2013		2014		2015		2015		2015	
	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)	Contracted sales RMB (million) (approx.)	Contracted GFA (sq.m.)	Contracted ASP (RMB per sq.m.)
1. Zijin Mansion 紫金華府	—	—	—	—	—	—	793.9	39,478.6	20,109.6	1,504.5	72,034.2	20,885.9
2. Yangzhou Park Number One 揚州公園一號	10.5	1,006.7	10,430.1	69.7	5,999.5	11,617.6	30.7	2,891.2	10,618.4	3.1	417.9	7,418.0
3. Jiayuan Centurai Villa 世紀豪園	149.9	27,345.7	5,481.7	128.5	23,670.0	5,428.8	2.7	303.8	8,887.4	29.5	5,802.7	5,083.8
4. Jiayuan Centurai Garden 世紀花園	36.3	4,064.3	8,931.4	2.3	418.7	5,493.2	0.8	271.9	2,942.3	0.1	26.6	3,759.4
5. Jiayuan Centurai Scenery Park 世紀景園	9.2	1,821.7	5,050.2	—	—	—	—	—	—	—	—	—
6. Venice Metropolis 威尼斯城	289.0	44,713.7	6,463.3	292.1	41,501.9	7,038.2	293.9	40,066.7	7,335.3	209.9	30,812.2	6,812.2
7. Qiangxi Garden 羌溪花苑	—	—	—	274.2	22,339.1	12,274.4	32.7	2,188.0	14,945.2	50.7	4,355.2	11,641.3
8. Oriental Bright City 東方不夜城	112.2	14,767.9	7,597.6	64.6	9,492.1	6,805.7	100.8	12,518.5	8,052.1	48.6	13,058.9	3,721.6
9. Oriental Paris City 東方巴黎城	129.0	29,208.9	4,416.5	108.4	27,187.1	3,987.2	77.1	19,059.8	4,045.2	46.1	13,182.3	3,497.1
10. Quexiandao Number One 爵仙島一號	—	—	—	22.5	3,358.7	6,699.0	29.5	4,413.3	6,684.3	4.0	875.0	4,571.4
11. Elite International Garden 名人國際花園	304.0	59,066.1	5,146.8	84.6	14,282.3	5,923.4	4.4	584.2	7,531.7	—	—	—
12. Suqian Park Number One 宿遷公園一號	164.8	36,692.4	4,491.4	307.0	61,008.5	5,032.1	291.7	53,998.6	5,402.0	141.1	27,364.1	5,156.4
13. Paris Metropolis 巴黎都市	1.1	218.9	5,025.1	74.2	14,407.2	5,150.2	137.2	24,348.5	5,634.8	85.1	20,651.0	4,120.9
14. Rome Metropolis 羅馬都市	98.7	29,064.1	3,395.9	178.0	51,319.2	3,468.5	119.7	33,045.0	3,622.3	81.5	24,234.7	3,362.9
15. Xueyan Jiayuan Central Plaza 雪堰佳源中心廣場	—	—	—	—	—	—	177.8	29,917.6	5,943.0	100.7	14,951.2	6,735.2
16. Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	—	—	—	89.5	11,686.1	7,658.7	197.8	38,785.5	5,099.8	73.0	15,774.0	4,627.9
17. Jiayuan New World 新天地	35.2	2,204.3	15,968.8	268.1	17,095.3	15,682.7	33.2	1,786.9	18,579.7	34.4	1,798.0	19,132.4
<b>Total</b>	<b>1,339.9</b>	<b>250,174.7</b>	<b>5,355.9</b>	<b>1,963.7</b>	<b>303,765.7</b>	<b>6,464.5</b>	<b>2,323.9</b>	<b>303,658.1</b>	<b>7,653.0</b>	<b>2,412.3</b>	<b>245,338.0</b>	<b>9,832.6</b>

As at 31 August 2015, the amount of contracted but not recognised property sales was approximately RMB4,016.3 million, out of which approximately RMB643.1 million, RMB2,595.2 million and RMB778.0 million will be recognised for the four months ended 31 December 2015, the years ending 31 December 2016 and 2017, respectively.

**DETAILS OF OUR PROPERTY DEVELOPMENT PROJECTS**

**Residential Complex Projects**

**1. Zijin Mansion (紫金華府)**



Zijin Mansion is a residential complex project under the development by Nanjing Xinhaoning. The project is located in Xuanwu District (玄武區) of Nanjing City (南京市) and has an aggregate site area of 339,007.6 sq.m. We primarily intend to sell all of the residential and commercial properties to be developed under the project.

By a supplemental land grant contract dated 1 August 2013 and entered into between ourselves and the relevant governmental authority, we assumed all the rights and liabilities under the land grant contract dated 13 July 2005 for the acquisition of the project land at the aggregate consideration of RMB650 million. As at the Latest Practicable Date, all land premium had been paid for the project.

Upon completion, this project will comprise low-rise apartments, mid-rise apartments, townhouses, high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Second quarter of 2014
Estimated completion date	Second quarter of 2017
Development costs incurred	RMB2,892.2 million
Estimated development costs to be incurred	RMB1,021.1 million
Total saleable/rentable GFA under development	334,561.0 sq.m.
Total saleable/rentable GFA under development and pre-sold	148,498.4 sq.m.
Percentage of total saleable/rentable GFA pre-sold	44.4%

2. *Yangzhou Park Number One* (揚州公園一號)



Yangzhou Park Number One is a residential complex project developed by Yangzhou Mingyuan. The project is located in Guangling District (廣陵區) of Yangzhou City (揚州市) and has an aggregate site area of 75,590.9 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into land grant contracts in relation to the project in March 2009 and a supplemental agreement dated 5 November 2009 for the acquisition of the project land at the aggregate consideration of approximately RMB227 million. As at the Latest Practicable Date, all land premium had been paid for the project.

This project comprises multi-storey apartments, mid-rise apartments, high-rise apartments, townhouses, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	First quarter of 2010
Actual completion date	Fourth quarter of 2013
Development costs incurred	RMB660.3 million
Total saleable/rentable GFA completed	118,280.6 sq.m.
Total saleable/rentable GFA completed and sold	117,559.8 sq.m.
Percentage of total saleable/rentable GFA sold	99.4%

**3. Jiayuan Centurial Villa (世紀豪園)**



Jiayuan Centurial Villa is a residential complex project under the development by Yangzhou Guangyuan. The project is located in Jiangdu District (江都區) of Yangzhou City (揚州市) and has an aggregate site area of 391,087.6 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into a land grant contract in relation to the project in January 2004 for the acquisition of the project land at the aggregate consideration of approximately RMB206 million. As at the Latest Practicable Date, all land premium had been paid for the project.

This project comprises low-rise apartments, multi-storey apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Second quarter of 2006
Actual completion date	Fourth quarter of 2015
Development costs incurred	RMB1,100.1 million
Total saleable/rentable GFA completed	216,383.9 sq.m.
Total saleable/rentable GFA completed and sold	188,288.4 sq.m.
Percentage of total saleable/rentable GFA sold	87.0%

**4. Jiayuan Centurial Garden (世紀花園)**



Jiayuan Centurial Garden is a residential complex project developed by Yangzhou Guangyuan. The project is located in Jiangdu District (江都區) of Yangzhou City (揚州市) and has an aggregate site area of 234,671.3 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into a land grant contract in October 2003 and a supplemental agreement dated 1 December 2003 in relation to the project for the acquisition of the project land at the aggregate consideration of approximately RMB175 million. As at the Latest Practicable Date, all land premium had been paid for the project.

This project comprises multi-storey apartments, high-rise apartments, townhouses, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	First quarter of 2005
Actual completion date	Second quarter of 2012
Development costs incurred	RMB1,018.3 million
Total saleable/rentable GFA completed	352,150.3 sq.m.
Total saleable/rentable GFA completed and sold	343,345.7 sq.m.
Percentage of total saleable/rentable GFA sold	97.5%



**5. Jiayuan Centurial Scenery Park (世紀景園)**



Jiayuan Centurial Scenery Park is a residential complex project developed by Yangzhou Hengyuan. The project is located in Jiangdu District (江都區) of Yangzhou City (揚州市) and has an aggregate site area of 60,972.3 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We acquired the relevant project lands in September 2009 and April 2010 at the aggregate consideration of RMB116.1 million. As at the Latest Practicable Date, all land premium had been paid for the project.

The project comprises multi-storey apartments, mid-rise apartments and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Third quarter of 2009
Actual completion date	Fourth quarter of 2012
Development costs incurred	RMB455.0 million
Total saleable/rentable GFA completed	98,735.0 sq.m.
Total saleable/rentable GFA completed and sold	97,819.8 sq.m.
Percentage of total saleable/rentable GFA sold	99.1%



**6. Venice Metropolis (威尼斯城)**



Venice Metropolis is a residential complex project under the development by Taixing Guanyuan. The project is located in the urban area of Taixing City (泰興市區) and has an aggregate site area of 660,576.0 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into land grant contracts in relation to the project in June 2010 and March 2011 for the acquisition of the project land at the aggregate consideration of approximately RMB1.2 billion. As at the Latest Practicable Date, all land premium had been paid for the project.

Upon completion, this project will comprise low-rise apartments, multi-storey apartments, high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Second quarter of 2011
Estimated completion date	Third quarter of 2022
Development costs incurred	RMB2,443.1 million
Estimated development costs to be incurred	RMB5,066.6 million
Total saleable/rentable GFA completed	173,817.9 sq.m.
Total saleable/rentable GFA completed and sold	171,429.3 sq.m.
Total saleable/rentable GFA under development	372,783.2 sq.m.
Total saleable/rentable GFA under development and pre-sold	35,866.0 sq.m.
Total planned GFA	1,023,259.0 sq.m.
Percentage of total saleable/rentable GFA sold and pre-sold	37.9%

7. *Qiangxi Garden (羌溪花苑)*



Qiangxi Garden is a residential complex project developed by Taixing Guangyuan. The project is located in Taixing City (泰興市) and has an aggregate site area of 69,486.0 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into a land grant contract in relation to the project in January 2011 for the acquisition of the project land at the aggregate consideration of RMB0.5 billion. As at the Latest Practicable Date, all land premium had been paid for the project. As one of the conditions for our land acquisition, we participated in the resettlement operation organised by the government and developed Qiangxi Garden as resettlement properties for residents who originally occupied the project land. Please refer to the section headed “Business — Development services — Resettlement properties” in this prospectus for details in this regard.

This project comprises high-rise apartments and commercial properties.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Third quarter of 2012
Actual completion date	Fourth quarter of 2014
Development costs incurred	RMB178.0 million
Total saleable/rentable GFA completed	32,578.1 sq.m.
Total saleable/rentable GFA completed and sold	26,799.1 sq.m.
Percentage of total saleable/rentable GFA sold	82.3%

8. *Oriental Bright City* (東方不夜城)



Oriental Bright City is a residential complex project developed by Taizhou Jia Yuan. The project is located in Jiangyan District (姜堰區) of Taizhou City (泰州市) and has an aggregate site area of 77,021.4 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into a land grant contract in relation to the project in June 2008 for the acquisition of the project land at the aggregate consideration of approximately RMB441 million. As we settled the land premium for this project land together with the land premium paid for our Oriental Paris City, please refer to the section headed “Business — Details of our property development projects — Residential complex projects — 9. Oriental Paris City” in this prospectus for further details on the payment of land premium.

This project comprises high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Third quarter of 2009
Actual completion date	Second quarter of 2015
Development costs incurred	RMB1,333.4 million
Total saleable/rentable GFA completed	255,892.3 sq.m.
Total saleable/rentable GFA completed and sold	203,204.8 sq.m.
Percentage of total saleable/rentable GFA sold	79.4%

9. *Oriental Paris City* (東方巴黎城)



Oriental Paris City is a residential complex project under the development by Taizhou Jia Yuan. The project is located in Jiangyan District (姜堰區) of Taizhou City (泰州市) and has an aggregate site area of 226,402.2 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into two land grant contracts in relation to the project in June 2008 and March 2010 for the acquisition of the project land at the aggregate consideration of approximately RMB210.6 million.

The aggregate land premium for the project lands of Oriental Bright City and Oriental Paris City is approximately RMB651.7 million. As at the Latest Practicable Date, approximately RMB611.7 million had been paid for the projects. The PRC Government has agreed to offset the remaining land premium in the amount of approximately RMB40 million with certain sums due to us.

Upon completion, this project will comprise multi-storey apartments, mid-rise apartments, high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Fourth quarter of 2009
Estimated completion date	Third quarter of 2016
Development costs incurred	RMB1,077.8 million
Estimated development costs to be incurred	RMB65.8 million
Total saleable/rentable GFA completed	227,332.3 sq.m.
Total saleable/rentable GFA completed and sold	225,878.8 sq.m.
Total saleable/rentable GFA under development	27,364.6 sq.m.
Total saleable/rentable GFA under development and pre-sold	4,563.8 sq.m.
Total planned GFA	214,999.4 sq.m.
Percentage of total saleable/rentable GFA sold and pre-sold	90.5%

**10. Quexiandao Number One (鵲仙島一號)**



Quexiandao Number One is a residential complex project developed by Taizhou Mingyuan. The project is located in Jiangyan Qinhu scenic area (姜堰溱湖風景區) of Taizhou City (泰州市) and has an aggregate site area of 68,330.4 sq.m. We primarily intend to sell all of the residential properties and commercial properties developed under this project. As at the Latest Practicable Date, we leased certain commercial properties with an aggregate GFA of 5,122.1 sq.m. to a lessee, an Independent Third Party, which has used the property as a hotel.

We entered into a land grant contract in relation to the project in March 2010 for the acquisition of the project land at the aggregate consideration of approximately RMB62 million. As at the Latest Practicable Date, all land premium had been paid for the project.

The project comprises low-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Third quarter of 2011
Actual completion date	Fourth quarter of 2013
Development costs incurred	RMB246.4 million
Total saleable/rentable GFA completed	28,014.8 sq.m.
Total saleable/rentable GFA completed and sold	8,191.7 sq.m.
Percentage of total saleable/rentable GFA completed and sold	29.2%



**11. Elite International Garden (名人國際花園)**



Elite International Garden is a residential complex project developed by Suqian Jia Yuan. The project is located in Sucheng District (宿城區) of Suqian City (宿遷市) and has an aggregate site area of 53,970.0 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into a land grant contract in relation to the project in August 2009 for the acquisition of the project land at the aggregate consideration of approximately RMB123 million. As at the Latest Practicable Date, all land premium had been paid for the project.

This project comprises high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	90%
Construction period	
Actual commencement date	Second quarter of 2010
Actual completion date	Third quarter of 2013
Development costs incurred	RMB664.3 million
Total saleable/rentable GFA completed	175,491.0 sq.m.
Total saleable/rentable GFA completed and sold	174,629.1 sq.m.
Percentage of total saleable/rentable GFA sold	99.5%



**12. Suqian Park Number One (宿遷公園一號)**



Suqian Park Number One is a residential complex project under the development by Suqian Jia Yuan. The project is located in Sucheng District (宿城區) of Suqian City (宿遷市) and has an aggregate site area of 126,182.9 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into a land grant contract in relation to the project in August 2009 for the acquisition of the project land at the aggregate consideration of approximately RMB181 million. As at the Latest Practicable Date, all land premium had been paid for the project.

Upon completion, this project will comprise high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	90%
Construction period	
Actual commencement date	Fourth quarter of 2011
Estimated completion date	First quarter of 2017
Development costs incurred	RMB991.2 million
Estimated development costs to be incurred	RMB186.3 million
Total saleable/rentable GFA completed	154,353.1 sq.m.
Total saleable/rentable GFA completed and sold	145,554.6 sq.m.
Total saleable/rentable GFA under development	123,454.5 sq.m.
Total saleable/rentable GFA under development and pre-sold	89,241.1 sq.m.
Total planned GFA	22,257.9 sq.m.
Percentage of total saleable/rentable GFA sold and pre-sold	84.5%

**13. Paris Metropolis (巴黎都市)**



Paris Metropolis is a residential complex project under the development by Suqian Jia Yuan. The project is located in Siyang County (泗陽縣) of Suqian City (宿遷市) and has an aggregate site area of 173,000.0 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into a land grant contract in relation to the project in August 2009 for the acquisition of the project land at the aggregate consideration of approximately RMB300 million. As at the Latest Practicable Date, all land premium had been paid for the project.

Upon completion, this project will comprise multi-storey apartments, mid-rise apartments, high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	90%
Construction period	
Actual commencement date	Fourth quarter of 2011
Estimated completion date	Fourth quarter of 2019
Development costs incurred	RMB666.7 million
Estimated development costs to be incurred	RMB1,705.2 million
Total saleable/rentable GFA completed	9,274.8 sq.m.
Total saleable/rentable GFA completed and sold	9,274.8 sq.m.
Total saleable/rentable GFA under development	112,500.1 sq.m.
Total saleable/rentable GFA under development and pre-sold	56,968.0 sq.m.
Total planned GFA	523,880.0 sq.m.
Percentage of total saleable/rentable GFA sold and pre-sold	54.4%

**14. Rome Metropolis (羅馬都市)**



Rome Metropolis is a residential complex project under the development by Siyang Fengyuan. The project is located in Siyang County (泗陽縣) of Suqian City (宿遷市) and has an aggregate site area of 170,540 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into land grant contracts in relation to the project in the period between 2012 to 2014 for the acquisition of a total of eight plots of project land with a total site area of 170,540 sq.m. at the aggregate consideration of RMB255 million. As at the Latest Practicable Date, all land premium had been paid for the project. During the period between October 2012 and August 2014, we obtained land use right certificates for six plots of project land with a total site area of approximately 156,202 sq.m. On 1 June 2015, we received a written confirmation (“Siyang MLR Confirmation”) from the Ministry of Land Resources of Siyang (泗陽國土資源局) (“Siyang MLR”) confirming that, in relation of two parcels of land with an aggregate site area of 14,338.0 sq.m., (i) upon completion of relevant government procedures including the procedures for setting-off certain tax due from us, Siyang MLR will process the issuance of the relevant land use rights certificates; and (ii) we will not encounter legal impediments in obtaining the relevant land use rights certificates. Subsequently in September 2015, we obtained the land use rights certificate with respect to one of the aforementioned two parcels of land with a site area of approximately 8,654 sq.m.

Our PRC Legal Adviser has advised us that (i) Siyang MLR is the competent authority for issuing the Siyang MLR Confirmation; and (ii) based on the Siyang MLR Confirmation, we are legally entitled to obtain the relevant land use rights certificates for those properties provided that we have settled the relevant deed tax and performed other obligations which are of an administrative nature under the relevant land grant contract. Based on the advice of the PRC Legal Adviser, we do not anticipate any material difficulty in performing the obligations referred to in the Siyang MLR Confirmation.

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Upon completion, this project will comprise high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Fourth quarter of 2012
Estimated completion date	Fourth quarter of 2020
Development costs incurred	RMB901.3 million
Estimated development costs to be incurred	RMB390.7 million
Total saleable/rentable GFA completed	165,423.7 sq.m.
Total saleable/rentable GFA completed and sold	90,501.6 sq.m.
Total saleable/rentable GFA under development	115,179.8 sq.m.
Total saleable/rentable GFA under development and pre-sold	41,497.0 sq.m.
Total planned GFA	194,689.4 sq.m.
Percentage of total saleable/rentable GFA sold and pre-sold	47.0%

### Integrated Commercial Complex Projects

#### 15. *Xueyan Jiayuan Central Plaza* (雪堰佳源中心廣場)

Xueyan Jiayuan Central Plaza is an integrated commercial complex project under the development by Changzhou Jinyuan. The project is located in Xueyan Town (雪堰鎮) of Changzhou City (常州市) and has an aggregate site area of 58,601.0 sq.m. We primarily intend to sell all of the residential properties and approximately 50% of the commercial properties to be developed under this project and hold the remainder as investment properties.

By a supplemental land grant contract dated 12 August 2013 and entered into between ourselves and the relevant governmental authority, we assumed all the rights and liabilities under the land grant contract dated 1 August 2013 for the acquisition of the project land at the aggregate consideration of approximately RMB70.3 million. As at the Latest Practicable Date, all land premium had been paid for the project.

Upon completion, this project will comprise high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	First quarter of 2014
Estimated completion date	Second quarter of 2017
Development costs incurred	RMB311.1 million
Estimated development costs to be incurred	RMB389.8 million
Total saleable/rentable GFA under development	153,816.0 sq.m.
Total saleable/rentable GFA under development and pre-sold	58,258.6 sq.m.
Percentage of total saleable/rentable GFA pre-sold	37.9%

16. *Huangqiao Jiayuan Central Plaza* (黃橋佳源中心廣場)



Huangqiao Jiayuan Central Plaza is an integrated commercial complex project under the development by Taixing Hengyuan and Taixing Mingyuan. The project is located in Huangqiao Town (黃橋鎮) of Taixing City (泰興市) and has an aggregate site area of 123,939.6 sq.m. We primarily intend to sell all of the residential properties and approximately 50% of the commercial properties developed and to be developed under this project and hold the remainder as investment properties.

We entered into land grant contracts in relation to the project in January and October 2013 for the acquisition of the project land at the aggregate consideration of approximately RMB192 million. As at the Latest Practicable Date, all land premium had been paid for the project.

Upon completion, this project will comprise high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Third quarter of 2013
Estimated completion date	Second quarter of 2017
Development costs incurred	RMB647.3 million
Estimated development costs to be incurred	RMB614.6 million
Total saleable/rentable GFA completed	66,515.3 sq.m.
Total saleable/rentable GFA completed and sold	11,557.3 sq.m.
Total saleable/rentable GFA under development	87,039.9 sq.m.
Total saleable/rentable GFA under development and pre-sold	53,612.3 sq.m.
Total planned GFA	156,160.6 sq.m.
Percentage of total saleable/rentable GFA pre-sold	42.4%



**17. Jiayuan New World (新天地)**



Jiayuan New World is an integrated commercial complex project under the development by Taixing Guangyuan. The project is located in the urban area of Taixing City (泰興市區) and has an aggregate site area of 121,316.0 sq.m. We primarily intend to sell all of the residential properties and approximately 50% of the commercial properties developed and to be developed under this project and hold the remainder as investment properties.

We entered into land grant contracts in relation to the project in January 2011 for the acquisition of the project land at the aggregate consideration of RMB1.1 billion. As at the Latest Practicable Date, all land premium had been paid for the project.

Upon completion, this project will comprise high-rise apartments, commercial properties and car parks.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	Fourth quarter of 2012
Estimated completion date	Second quarter of 2018
Development costs incurred	RMB1,898.9 million
Estimated development costs to be incurred	RMB273.1 million
Total saleable/rentable GFA completed	47,878.7 sq.m.
Total saleable/rentable GFA completed and sold	22,147.4 sq.m.
Total saleable/rentable GFA under development	235,448.7 sq.m.
Total saleable/rentable GFA under development and pre-sold	813.6 sq.m.
Percentage of total saleable/rentable GFA sold and pre-sold	8.1%



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### 18. Guxi Jiayuan Central Plaza (古溪佳源中心廣場)

Guxi Jiayuan Central Plaza is planned to be developed into an integrated commercial complex project by Taixing Hengyuan. The project is located in Guxi Town (古溪鎮) of Taixing City (泰興市) and has an aggregate site area of 83,048.0 sq.m. We primarily intend to sell all of the residential properties and approximately 50% of the commercial properties to be developed under this project and hold the remainder as investment properties.

We entered into land grant contracts in relation to the project in February 2014 for the acquisition of the project land at the aggregate consideration of approximately RMB65 million. As at the Latest Practicable Date, we had paid approximately RMB40 million for the project and had not obtained the relevant land use rights certificates for this project. On 2 June 2015, we received a written confirmation (“Taixing MLR Confirmation”) from the Ministry of Land and Resources of Taixing (泰興市國土資源局古溪分局) (“Taixing MLR”) confirming that (i) the relevant land has not reached delivery conditions pending completion of the governmental operations to resettle affected residents; (ii) the outstanding land premium is payable when the relevant land has reached delivery conditions; (iii) upon satisfaction of the land delivery conditions and settlement of outstanding land premium, Taixing MLR will process the issuance of the relevant land use rights certificates; (iv) we will not encounter legal impediments in obtaining the relevant land use rights certificates; (v) Taixing MLR will not claim any liquidated damages against us for the delay in payment of outstanding premium; and (vi) Taixing MLR will not terminate the relevant land grant contracts.

Our PRC Legal Adviser has advised us that (i) Taixing MLR is the competent authority for issuing the Taixing MLR Confirmation; and (ii) based on the Taixing MLR Confirmation, 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.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Estimated commencement date	Second quarter of 2016
Estimated completion date	Fourth quarter of 2018
Development costs incurred	RMB40.6 million
Estimated development costs to be incurred	RMB441.1 million
Total planned GFA	143,458.3 sq.m.

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### 19. Taizhou Jiayuan Central Plaza (泰州佳源中心廣場)<sup>1</sup>

Taizhou Jiayuan Central Plaza is planned to be developed into an integrated commercial complex project by Taizhou Mingyuan. The project is located in Qintong Town (溱潼鎮) of Taizhou City (泰州市) and has an aggregate site area of 15,702.2 sq.m. We primarily intend to sell all of the residential properties and approximately 50% of the commercial properties to be developed under this project and hold the remainder as investment properties.

We entered into a land grant contract in relation to the project in March 2010 for the acquisition of the project land at the aggregate consideration of approximately RMB19.5 million. As at the Latest Practicable Date, we had paid approximately RMB9.8 million and had not obtained the relevant land use rights certificates for this project. On 25 June 2015, we received a written confirmation (“Taizhou MLR Confirmation”) from the Ministry of Land and Resources of Taizhou (泰州市國土局姜堰分局) (“Taizhou MLR”) confirming that (i) due to the planning modification of the relevant land, payment of the outstanding land premium in the amount of approximately RMB9.7 million shall be payable on 31 October 2016; (ii) Taizhou MLR will not claim liquidated damages against us for the delay in payment of outstanding premium; and (iii) Taizhou MLR will not terminate the relevant land grant contract.

Our PRC Legal Adviser has advised us that (i) Taizhou MLR is the competent authority for issuing the Taizhou MLR Confirmation; and (ii) based on the Taizhou MLR Confirmation, 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.

Below are details of this project as at 30 November 2015:

Interest attributable to our Group	100%
Construction period	
Estimated commencement date	Fourth quarter of 2016
Estimated completion date	Fourth quarter of 2018
Development costs incurred	RMB13.5 million
Estimated development costs to be incurred	RMB35.1 million
Total planned GFA (based on plot ratio of 1.0)	15,702.2 sq.m.

### BUILDING OWNERSHIP CERTIFICATES

As advised by our PRC Legal Adviser, under PRC laws and regulations and the administrative rules applicable in Jiangsu Province, the Group is not required to obtain building ownership certificates for its completed properties held of sale and/or investment. In this regard, on 18 January 2016, the Company obtained a written confirmation (the “HURD Confirmation”) from the Jiangsu Provincial Department of Housing and Urban-Rural Development (江蘇省住房和城鄉建設廳) confirming that under PRC laws and regulations and the administrative rules applicable in Jiangsu Province: (i) a property developer is required to make initial registration (初始登記) with the relevant government authorities with respect to a completed property after the same has passed the construction completion examination; (ii) an initial

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<sup>1</sup> The name of this project may change upon the finalisation of its development plan.

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registration certificate (初始登記証) shall serve as the property developer's proof of title over such property; (iii) the property developer is not required to obtain building ownership certificates for properties developed by it (including completed properties held for sale or investment); and (iv) while a property developer may, at its option, apply for building ownership certificates for its investment properties, there is no mandatory requirement under the applicable PRC laws and regulations which require a property developer to obtain building ownership certificates for properties held by it within a statutory time period or at all. Accordingly, as advised by the PRC Legal Adviser, under PRC laws and regulations and the administrative rules applicable in Jiangsu Province and based on the HURD Confirmation, the Group is neither required to obtain nor is there any applicable statutory time limit for obtaining building ownership certificates for each type of properties owned by the Group.

### FUTURE ESTIMATED DEVELOPMENT COSTS TO BE INCURRED

Based on our project plans and schedules as at 30 November 2015, we estimate our aggregate future development costs for the period between 1 December 2015 and 31 December 2016, the year ending 31 December 2017 and the period after 31 December 2017 will be RMB2,369.3 million, RMB2,462.8 million and RMB5,357.3 million respectively. We set out our estimates of the future development costs to be incurred (exclusive of finance costs, taxes, government levies or other surcharge) by projects as follows:

	<b>Future development costs to be incurred</b>		
	<b>Land</b>	<b>Other</b>	<b>Total future</b>
<b>Property development projects</b>	<b>premium</b>	<b>development</b>	<b>development</b>
	<i>(RMB in</i>	<i>costs</i>	<b>costs to be</b>
	<i>million)</i>	<i>(RMB in</i>	<i>incurred</i>
		<i>million)</i>	<i>(RMB in</i>
			<i>million)</i>
<b>Residential complex projects</b>			
Zijin Mansion	—	1,021.1	1,021.1
Venice Metropolis	—	5,066.6	5,066.6
Oriental Paris City	—	65.8	65.8
Suqian Park Number One	—	186.3	186.3
Paris Metropolis	—	1,705.2	1,705.2
Rome Metropolis	—	390.7	390.7
<b>Integrated commercial complex projects</b>			
Xueyan Jiayuan Central Plaza	—	389.8	389.8
Huangqiao Jiayuan Central Plaza	—	614.6	614.6
Jiayuan New World	—	273.1	273.1
Guxi Jiayuan Central Plaza	25.0	416.1	441.1
Taizhou Jiayuan Central Plaza	9.7	25.4	35.1

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The table below sets out a breakdown of development costs to be incurred by year/period:

	Future development costs to be incurred		
	For the period between 1 December 2015 and 31 December 2016 <i>(RMB in million)</i>	For the year ending 31 December 2017 <i>(RMB in million)</i>	For the period after 31 December 2017 <i>(RMB in million)</i>
<b>Property development projects</b>			
<b>Residential complex projects</b>			
Zijin Mansion	577.8	443.3	—
Venice Metropolis	564.7	521.2	3,980.7
Oriental Paris City	65.8	—	—
Suqian Park Number One	174.7	11.6	—
Paris Metropolis	205.3	433.7	1,066.2
Rome Metropolis	142.2	152.7	95.8
<b>Integrated commercial complex projects</b>			
Xueyan Jiayuan Central Plaza	213.6	176.2	—
Huangqiao Jiayuan Central Plaza	251.5	363.1	—
Jiayuan New World	173.7	59.6	39.8
Guxi Jiayuan Central Plaza	—	274.4	166.7
Taizhou Jiayuan Central Plaza	—	27.0	8.1
<b>Total</b>	<b>2,369.3</b>	<b>2,462.8</b>	<b>5,357.3</b>

The total future development costs set out in the table above represent the full development costs for each project. As we are interested in 90% of the equity interest in Suqian Jia Yuan, the future development costs to be incurred for projects under the development of Suqian Jia Yuan, namely Suqian Park Number One and Paris Metropolis for which we are responsible are approximately RMB167.7 million and RMB1,534.7 million respectively, representing 90% of the total development costs for each of these projects. Save as disclosed above, we bear the entire actual development costs incurred and future development costs to be incurred under each of our property development projects.

It is our plan to finance the development of the above property development projects partly by the net proceeds to be raised under the Global Offering, other internal resources of the Group and partly by borrowings from financial institutions.

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### PROJECTS UNDER MEMORANDA OF UNDERSTANDING

During the three years ended 31 December 2014 and eight months ended 31 August 2015, we have entered into the following memoranda of understanding/agreements (“MOU”) for the acquisitions of land:

Date of MOU	Site location ( <i>approx.</i> <i>sq.m.</i> )	Site area as recorded in the MOU	Counterparty to the MOU	Status of acquisition as at 31 August 2015	Related development services project
1. 12 January 2013	A parcel of land known as Quexiandao phase 2 (鵲仙島2期) located in Xincheng District (新城區), Jiangyan City (姜堰市)	113,333.9	The People’s Government of Qintong County of Jiangyan City	n/a	Huxirenjia* resettlement project (湖西人家)
	A parcel of land located in Xincheng District (新城區), north of Xincheng Avenue* (新城大道), Qintong Town (溱潼鎮), Jiangyan City (姜堰市)	133,334	The People’s Government of Qintong County of Jiangyan City	n/a	
	A parcel of land located in Xincheng District (新城區), north of Xincheng Avenue* (新城大道), Qintong Town (溱潼鎮), Jiangyan City (姜堰市)	133,334	The People’s Government of Qintong County of Jiangyan City	n/a	
2. 11 September 2013	A parcel of land at the east of Xi’an Road and south of Changchun Road in Xikang New District (西康新區), Zhongxing Town (眾興鎮), Siyang County (泗陽縣)	53,333.6	A company owned by the People’s Government of Zhongxing Town of Siyang County	We acquired 46,666.7 sq.m. at the consideration of RMB56 million	Exterior refurbishment of integrated public healthcare centre, residential building and related landscaping and road improvement work in Siyang County
	A parcel of land at the west Xi’an Road in Xikang New District (西康新區), Zhongxing Town (眾興鎮), Siyang County (泗陽縣)	6,666.7	A company owned by the People’s Government of Zhongxing Town of Siyang County	We acquired 5,000 sq.m. at the consideration of RMB6 million	

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The above memoranda of understanding/agreements do not constitute land grant contracts. Pursuant to such memoranda of understanding/agreements, among other things, (i) the relevant counterparty has (a) agreed to offer or procure the relevant land to be listed-for-sale or otherwise grant us a right to develop the relevant land by a certain date or without time commitment; and (b) set the minimum bidding price for the public auction with respect to the relevant land; and (ii) we have agreed to participate in the relevant public auction and bidding process. As part and parcel of the relevant transactions, these memoranda of understanding/agreements also provide for the provision of development services regarding the development of resettlement properties, refurbishment works, and road improvement works. As at 31 August 2015, we participated in the public auction and bidding process of certain land parcels indicated in the table above and acquired land parcels with an aggregate site area of 51,666.7 sq.m., representing approximately 1.1% of our land reserves.

For further details of our development of resettlement properties, and participation in refurbishment works and road improvement works as mentioned in the above table, please refer to the section headed “Business — Development services” in this prospectus.

On 25 January 2013, we entered into an agreement as amended and supplemented by a supplemental agreement dated 27 December 2014 with the relevant government authorities, pursuant to which the relevant government authorities have agreed to proceed to offer a parcel of land with a site area of approximately 65,333.7 sq.m. to be listed-for-sale in 2015. Under the agreement, we agreed to develop resettlement properties on the project land and to participate in the corresponding public auction and bidding process. Please refer to the section headed “Business — Development services — Other resettlement operation” in this prospectus for further details relating to our development of resettlement properties under such agreement. Eventually, we did not participate in the relevant public auction and bidding process. We plan to terminate the relevant agreement and expect to enter into a termination agreement with the relevant government authorities in 2016.

On 23 September 2010, our then controlling shareholder, Zhejiang Jia Yuan Group, entered into an agreement with the relevant government authorities, pursuant to which (i) the relevant government authorities (a) agreed to procure three parcels of land with a site area of not less than approximately 190,000 sq.m. at which our Qiangxi Garden and Jiayuan New World are located to be listed-for-sale by November 2010; and (b) effectively set the land premium payable at RMB1.6 billion; and (ii) Zhejiang Jia Yuan Group has agreed to participate in the relevant public auction and bidding process (the “Qiangxi Development Agreement”). We participated in the public auction and bidding process and acquired the land parcels pursuant to the relevant land grant contracts dated 7 January 2011 for an aggregate land premium of RMB1.6 billion. The Qiangxi Development Agreement also provided for the development of resettlement properties on the parcel of land at which our Qiangxi Garden is located. For further details of our development of the resettlement properties in Qiangxi Garden, please refer to the section headed “Business — Development services — Resettlement properties” in this prospectus.

Under the Qiangxi Development Agreement, the relevant government authorities agreed to offer a parcel of land which is located at the south of Beierhuan Road\* (北二環), north of Zhenxing Road\* (振興路), west of Dongsanhuan Road\* (東三環) and east of Wanjiangbei Road\* (文江北路) with a site area of approximately 200,000 sq.m. to be listed-for-sale, and capped the land premium payable at RMB980,000/mu; and Zhejiang Jia Yuan Group agreed to participate in the relevant public auction and bidding process. We participated in the public auction and bidding process and acquired such parcel of land with a site area of 119,249 sq.m. at the consideration of approximately RMB262 million.



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On 5 March 2012, Zhejiang Jia Yuan Group entered into an agreement with the relevant government authorities, pursuant to which (i) the relevant government authorities have (a) agreed to procure project lands with a total site area of approximately 302,000 sq.m. to be listed-for-sale by stage; and (b) effectively set the land premium payable at approximately RMB362.4 million; and (ii) Zhejiang Jia Yuan Group has agreed to participate in the relevant public auction and bidding process. We participated in the public auction and bidding process and entered into the relevant land grant contracts between 2012 and 2014 for the acquisition of the project lands with a total site area of approximately 170,540.0 sq.m. for the development of our Rome Metropolis for an aggregate land premium of approximately RMB254.7 million. In August 2015, Zhejiang Jia Yuan Group irrevocably undertook in our favour that it will not acquire or otherwise participate in the public auction, bidding and listing-for-sale process in respect of such project lands which have not been acquired by us.

Our land reserves are inclusive of the abovementioned project lands which we have acquired and obtained the relevant land use right certificates, but exclusive of those land parcels referred to in the above memoranda of understanding or agreements for which we did not participate in the relevant public auction and bidding process.

Our PRC Legal Adviser has advised that the above memoranda of understanding/agreements, to the extent that the government authority has (i) agreed or purported to agree or procure to offer land to be listed-for-sale; and (ii) set the minimum bidding price or aggregate land premium or otherwise cap the land premium, such provisions are not legally binding on the parties under applicable PRC laws and regulations. Meanwhile, it is the opinion of our PRC Legal Adviser that the other provisions of the above memoranda of understanding/agreements relating to our development services provided to government organisations, are legally-binding.

Albeit the memoranda of understanding/agreements mentioned above, we must acquire project lands through bidding in public auction, listing-for-sale process under the PRC laws and regulations. Hence, even though we have entered into the above memoranda of understanding/agreements, there is no assurance that we will succeed in securing the land grant contracts and obtaining the land use rights certificates with respect to the project lands that we intend to acquire. Please refer to the section headed “Risk factors — We may not be able to obtain land use rights of parcels of land pursuant to certain agreements or memoranda of understanding which we have entered into” in this prospectus for further details.

### DEVELOPMENT SERVICES

During the Track Record Period, we provided development services to government organisations for the development of resettlement properties and development or refurbishment of other types of property, facility or infrastructure in return for a development services fee. With respect to these development services projects, we are usually tasked with the responsibility of liaising with the construction contractors for the construction of the relevant development project. Occasionally, we are also responsible for liaising with third party design companies to provide planning and design service for the relevant development services projects.

We usually sub-contract all construction works relating to our development services to construction contractors as we do not possess construction capability. These construction contractors include construction companies and landscape greening companies. During the Track Record Period, all contractors engaged by us for our development services projects were Independent Third Parties and they generally have a business relationship with us ranging from three to nine years. We usually conduct an open tender process to select our construction contractors for the construction of resettlement properties. In contrast, we may engage a particular construction contractor directly for the development or refurbishment of other types of property, facility or infrastructure required by our customer following a fee quotation process.

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Irrespective of the type of properties required of us under the provision of our development services, we generally sub-contract the construction work by entering into a project-based construction contract with the relevant construction contractor, which has the following salient terms:

- (i) **Duration:** the construction contract will stipulate the construction period required of the construction contractor, which varies depending on the complexity of the development project.
- (ii) **Responsibility of parties:** subject to the type of construction required, the construction contract generally stipulates the scope of work of the relevant construction contractor, which typically includes engineering works, primary structural works, installation works and general construction works. The construction contract usually stipulates the applicable quality standard required of the construction contractor.
- (iii) **Raw material procurement:** the construction contract usually stipulates that the construction contractor is responsible for procuring all raw materials required for the development services project save for those that we have specifically agreed to procure.
- (iv) **Construction fee:** the amount of construction fee payable to the construction contractor will be incorporated into the construction contract. We usually determine the construction fee with reference to the complexity of the relevant development services project. The construction fee is generally payable according to the stage of construction.
- (v) **Termination:** the parties are entitled to terminate the construction contract by mutual agreement. In addition, (a) we are entitled to terminate the contract if the construction contractor sub-contracts all or any part of the construction work to a third party without our consent; and (b) the construction contractor is entitled to terminate the construction contract if there is a material delay on our part in paying the construction fee in accordance with the terms of the contract.

Where our scope of work includes the planning and design of the relevant project, we will coordinate with the design companies to provide such service. In this regard, we usually engage a third party design company to provide design service. We generally enter into ad hoc design contracts with the relevant design companies. The key terms of such design contracts usually include, among other things, the scope of design service required, time, quality standard requirements, service fee and payment schedule.

Our participation in the resettlement projects below is limited to the development of resettlement properties. Save for developing resettlement properties on vacated land, we were not otherwise involved in the land vacating process. We did not at any time enter into any contract or other compensation arrangement with any affected residents who were the subjects of the resettlement.

We entered into service contracts with our customers for the development services we provided during the Track Record Period. We set out below the salient terms of a typical service contract:

- (i) **Duration:** the service contract will stipulate the construction period or the completion time for the relevant refurbishment works required of us, which varies depending on the complexity of the development services required.

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- (ii) Responsibility of the parties: subject to the development services required, the service contract generally stipulates the scope of work to be provided by us, which typically includes engineering works, primary structural works, installation works, general construction works, road or road improvement works, exterior wall, window and door refurbishment works, landscaping and greening work, and drainage works. The service contract usually stipulates the applicable quality standard required of us.
- (iii) Raw material procurement: the service contract will stipulate that either the government organisation or we would be responsible for the costs for procuring raw materials.
- (iv) Development service fee: the amount of estimated development fee payable to us is incorporated in the service contract, subject to final adjudication by the government. We usually determine the development fee with reference to the complexity of the development service required and government guidance price for the relevant works required of us. The development fee is generally payable according to the stage of construction or development service provided.
- (v) Termination: the service contract does not necessarily include a termination clause. Occasionally, a service contract will provide for termination by mutual agreement in writing.

The aggregate amount of contractual estimated development fee for all of our development services projects was RMB1,419.5 million as at 31 August 2015. During the Track Record Period, revenue generated from our development service operation amounted to approximately RMB292.2 million, RMB494.4 million, RMB525.1 million and RMB3.0 million respectively, representing approximately 13.9%, 19.4%, 22.7% and 0.3%, respectively of our total revenue. We received a total of RMB1,157.9 million as development fee for the development services rendered by us as at 31 August 2015, which represents approximately 81.6% of the aggregate contractual estimated development fee.

The following are details of our development service projects:

### **Resettlement properties**

#### *Qiangxi Garden resettlement project*

Our Qiangxi Garden and Jiayuan New World are located on adjacent parcels of land. Pursuant to the bidding conditions for public auction with respect to the project lands for both Qiangxi Garden and Jiayuan New World issued by the relevant government authorities, as a condition for our land acquisition, we were responsible for developing resettlement properties with GFA of approximately 190,000 sq.m. for the affected residents on the land parcel at which our Qiangxi Garden is located. We won the bidding process for the project sites and the requirement for developing the resettlement properties was stipulated in the relevant land grant contract. The construction period commenced on 30 May 2012 and the development of all resettlement properties with a total GFA of approximately 280,960.3 sq.m. was completed on 20 December 2014.

The details regarding Jiayuan New World and Qiangxi Garden have been disclosed in the section headed “Business — Portfolio of our property development projects” in this prospectus, namely their respective site area, completed GFA, GFA under development, GFA held for future development, construction period, pre-sale information, and our Group’s interest therein do not take into account the resettlement properties developed under these projects.

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### *Huxirenjia\* (湖西人家) resettlement project*

Pursuant to the Huxirenjia resettlement area and infrastructure development services agreement dated 12 February 2013 entered into between ourselves and the relevant government authorities, we agreed to develop (i) resettlement properties with GFA of approximately 92,540 sq.m. for affected residents on a site specified by the government with a site area of approximately 130,667.32 sq.m., and (ii) surrounding infrastructure, namely Xincheng Avenue\* (新城大道), Tongqin Road\* (通秦路), Quexian Road\* (鵲仙路) and Huichuan bridge\* (會船大橋). The construction period commenced on 1 April 2011 and the development of all resettlement properties with a total GFA of approximately 92,915.0 sq.m. and surrounding infrastructure was completed on 26 May 2014. As this agreement also involved the relevant government authorities agreeing to offer project land for listing-for-sale, please refer to the section headed “Business — Projects under memoranda of understanding” in this prospectus for further details of the binding effect of this agreement.

In consideration of our development of the resettlement properties under the Huxirenjia resettlement project, the relevant government authorities have agreed to pay to us development services fee at agreed construction price for certain types of construction works, such as landscaping work, and with reference to the prevailing government guidance construction price applicable in Jiangsu Province.

We entered into land grant contract with Taizhou MLR for the acquisition of land which has a site area of approximately 13,333 sq.m., which constitutes part of the project land for the Huxirenjia resettlement project. As the development process of Huxirenjia resettlement project has been completed, we do not intend to pursue the acquisition of the relevant land and has commenced negotiation with Taizhou MLR in connection with the termination of the land grant contract. On 21 October 2015, we received a written reply from Taizhou MLR that they are supportive of the termination.

### *Other resettlement operation*

Pursuant to the agreement dated 25 January 2013 entered into between ourselves and the relevant government authorities, as amended by a supplemental agreement dated 27 December 2014, we agreed to develop resettlement properties with GFA of approximately 50,000 sq.m. We have not commenced the development of this resettlement project and plan to terminate the relevant service agreement. In this regard, we expect to enter into a termination agreement with the relevant government authorities in 2016.

## **Other properties, facility or infrastructure**

### *Development of training centre*

Pursuant to a legally-binding memorandum of understanding dated 22 October 2013 entered into between ourselves and the relevant government authorities, we agreed to develop a training centre with GFA of approximately 7,092 sq.m. The construction work commenced on 26 June 2013 and was completed on 29 July 2015.

### *Exterior refurbishment of public healthcare centre, residential building and related landscaping and road improvement works in Siyang county*

Pursuant a memorandum of understanding entered into between ourselves and our customer which is a company owned by the relevant government authorities, we agreed to provide exterior refurbishment work for an integrated public healthcare service centre and a residential building, landscaping works and road improvement works (including traffic system, parking system and urban greening) services covering an area of approximately 21,000 sq.m. The refurbishment and improvement work commenced on 10

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October 2012 and was completed on 30 June 2013. As this memorandum also involves government organisation agreeing to offer land to be listed-for-sale, please refer to the section headed “Business — Projects under memoranda of understanding” in this prospectus for further details of the legal binding effect of this memorandum of understanding.

*Expansion of Wulihu Wetland Park\* (五里湖濕地公園)*

Pursuant to the legally-binding memorandum of understanding dated 17 April 2013 entered into between ourselves and our customer which is a company owned by the relevant government authorities, we agreed to conduct expansion work for the Wulihu Wetland Park\* (五里湖濕地公園) in Xikang New District (西康新區) of Siyang county (泗陽縣), covering an area of approximately 80,000 sq.m. The construction work was completed on 17 April 2013.

*Road improvement work on Jiefang Road (解放路)*

Pursuant to a legally-binding agreement dated 13 June 2013 entered into between ourselves and the relevant government authorities, we agreed to provide road improvement works, which includes removal of roadbase and surfacing work, road resurfacing work, construction of pedestrian road, rainwater, sewage and drainage work, street lighting, urban greening and road signage work between Zhenxing Road\* (振興路) and Zhongxing Road\* (眾興路), in Zhongxing town\* (眾興鎮) of Siyang county (泗陽縣). The construction work commenced on 8 June 2013 and was completed on 8 April 2014.

*Renewal of Sunshine Paris City\* (陽光巴黎城)*

Pursuant to a legally-binding agreement entered into between ourselves and the relevant government authorities, we agreed to provide landscaping work, road resurfacing work and improvement works to an area covering 50,000 sq.m. in Siyang county (泗陽縣). The relevant construction work commenced on 10 October 2012 and was completed on 30 June 2013.

### **LEASING OF PROPERTY DEVELOPED BY US**

During the Track Record Period, we retained the ownership of certain self-developed commercial properties to generate recurring income. As at 30 November 2015, our investment properties (excluding car parks) had a total GFA of approximately 172,534.9 sq.m. For the three years ended 31 December 2014 and eight months ended 31 August 2015, our investment properties (excluding car parks) generated rental income of approximately RMB5.6 million, RMB10.7 million, RMB12.8 million, and RMB12.3 million, respectively.

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We set out below a breakdown of our rental income, occupancy rate and other material information by project:

### Rental income generated by our investment properties as at 31 August 2015

Project	Land use rights certificate expiry date	Total rental income from investment properties (excluding car parks)				Range of lease term
		For the year ended 31 December		2014	For the eight months ended 2015	
		2012	2013			
		<i>(RMB million)</i>			<i>(RMB million)</i>	
Yangzhou Park Number One 揚州公園一號	December 2049	—	—	0.1	0.2	5 years
Jiayuan Centurial Villa 世紀豪園	January 2044	0.2	0.2	0.3	0.3	3–10 years
Jiayuan Centurial Garden 世紀花園	January 2044	1.4	1.6	1.9	0.8	3–12 years
Jiayuan Centurial Scenery Park 世紀景園	September 2049	—	0.3	0.3	0.2	3 years
Oriental Bright City 東方不夜城	September 2048 and February 2049	3.2	6.2	6.5	4.1	2–15 years
Quexiandao Number One 鵲仙島一號	March 2050	0.8	2.4	2.5	1.6	5–8 years
Rome Metropolis 羅馬都市	July 2054	—	—	1.0	3.0	8–15 years
Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	April 2053	—	—	—	0.3	8–10 years
Jiayuan New World 新天地	December 2052	—	—	0.2	1.8	7.5–10 years



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### *Occupancy rate of our investment properties*

Project	As at 31 December 2012			As at 31 December 2013			As at 31 December 2014			As at 30 November 2015			Group's attributable market value as at 30 November 2015 (RMB million)	Reference to Property Valuation Report
	Rentable GFA held for investment	Leased GFA	Occupancy rate	Rentable GFA held for investment	Leased GFA	Occupancy rate	Rentable GFA held for investment	Leased GFA	Occupancy rate	Rentable GFA held for investment	Leased GFA	Occupancy rate		
	(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)		(sq.m.)	(sq.m.)			
Yangzhou Park Number One 揚州公園一號	—	—	—	—	—	—	720.8	720.8	100.0%	720.8	720.8	100.0%	6.1	30
Jiayuan Centurial Villa 世紀豪園	1,100.0	1,100.0	100.0%	1,190.0	1,190.0	100.0%	1,803.1	1,803.1	100.0%	—	—	— <sup>(1)</sup>	—	—
Jiayuan Centurial Garden 世紀花園	7,632.7	7,632.7	100.0%	8,406.5	8,406.5	100.0%	8,652.8	8,616.5	100.0%	8,652.8	8,616.5	99.6%	49.2	31
Jiayuan Centurial Scenery Park 世紀景園	—	—	—	915.2	915.2	100.0%	915.2	915.2	100.0%	915.2	915.2	100.0%	6.8	32
Oriental Bright City 東方不夜城	24,407.7	24,407.7	100.0%	24,407.7	24,407.7	100.0%	24,909.4	24,909.4	100.0%	34,374.1	34,111.8	99.2%	319.0	34
Quexiandao Number One 鵲仙島一號	7,284.5	7,075.8	97.1%	10,027.7	9,723.7	97.0%	10,027.7	9,723.7	97.0%	10,027.7	9,723.7	97.0%	87.9	35
Rome Metropolis 羅馬都市	—	—	—	—	—	—	43,885.7	29,166.0	66.5%	50,011.0	40,321.0	80.6%	211.5	33
Huangqiao Jiayuan Central Plaza 黃橋佳源中心廣場	—	—	—	—	—	—	—	—	—	47,567.2	14,167.7	29.8% <sup>(2)</sup>	221.0	37
Jiayuan New World 新天地	—	—	—	—	—	—	20,266.1	13,393.3	66.1%	20,266.1	13,393.3	66.1%	299.0	36

*Note 1:* The lease agreement of the relevant property of Jiayuan Centurial Villa was subsequently terminated and the property was subsequently removed from the Group's investment property pool as the Group no longer wishes to lease the relevant property to generate rental income.

*Note 2:* The development of the relevant phase of Huangqiao Jiayuan Central Plaza that was leased to our tenants was completed in May 2015.

We set out in our policy selection criteria for choosing tenants, such as (i) its financial viability; (ii) the type of business engaged by the proposed tenant, where applicable, its brand name and reputation, and its compatibility with our development plan; (iii) the proposed business development plan of the tenant. As part of our communal and resident-oriented planning, our tenants include restaurants, supermarket operators, cinemas, fashion brands and home appliance retailers.

During the Track Record Period, we engaged an agent, which is an Independent Third Party, to enter into lease agreements with our tenants. The agent is primarily responsible for, subject to our supervision, devising marketing strategies for our lease operations, soliciting reputable tenants, and collecting rent and other fees payable by our tenants for and on our behalf. We leveraged on the agent's knowledge and expertise in the leasing market and network in Jiangsu Province and engaged the agent in 2008 at the inception of our lease operation when we lacked such experience and expertise. Since then, we have continued to engage that agent on a project-by-project basis. As advised by the PRC Legal Adviser, the terms of engagement pursuant to which the agent provided the services as described above are valid and not in breach of any mandatory provision of applicable PRC laws and regulations.

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Since 2008, we believe we have acquired sufficient market knowledge and presence in the Jiangsu rental market. Accordingly, we will take active management of our lease operation, which is in consonance with our development strategy to retain control over the central management of our shopping arcades with a view to selecting reputable tenants and determining industry composition. For this purpose, we have established Jiayuan Commercial Properties (HK) whose principal business activity will include the management of our lease operation.

Our typical lease agreement usually includes the following material terms: (i) the user of the relevant commercial properties, (ii) the term of the lease ranging from two to 15 years (with or without option to renew); (iii) the rent, which is usually payable to us in advance; (iv) applicable rent-free period (which generally ranges from one to two years) at the beginning of the lease; (v) payment schedule of the rent; and (vi) certain restrictions on the usage of the commercial property such as restrictions on interior design, lighting, and business operation. The provision of rent-free periods effectively reduces the rent payable by the relevant tenant during the term of the lease. We gave relatively long rent-free period primarily to attract potential tenants. The Directors consider that the provision of relatively long rent-free period is justified having considered, among other things, the location of the relevant investment property and the industry mix that we aim to achieve. We will review the terms and conditions of the lease from time to time having regard to factors such as the prevailing local rental market conditions and the popularity of our commercial properties in the relevant location. We recognised rental income in the amount of RMB1.3 million, RMB0.7 million, RMB1.2 million and RMB0.5 million respectively from rent-free periods during the Track Record Period. During the Track Record Period, we did not experience any early termination of our lease agreements within or shortly after the end of the relevant rent-free periods resulting in an impairment loss of rent receivables from our tenants.

We usually determine our rent with reference to the prevailing market conditions. The rent is usually a fixed monthly rate payable by the tenant in advance. In addition, we generally require our tenants to pay a fixed sum as security deposit. Our tenants will bear the utility charges and property management fees. If our tenants breach the relevant lease agreements, we are entitled to deduct or retain security deposits or terminate the relevant lease agreements and take the relevant properties into our possession.

### **CIVIL AIR DEFENSE CAR PARKS AND NON-CIVIL AIR DEFENSE CAR PARKS**

#### **Civil air defense car parks**

As at 30 November 2015, we constructed underground civil air defense facilities with an aggregate GFA of approximately 118,172.0 sq.m., representing approximately 2.6% of our land reserves. Further, as at 30 November 2015, our civil air defense facilities which were under construction or otherwise planned for development had an aggregate GFA of approximately 283,560.4 sq.m. We used certain part of the civil air defense facilities as car parks during time of peace. Due to our accounting treatment, our CAD Car Parks are not classified as properties under development or held for sale, investment properties or property, plant and equipment. Accordingly, our CAD Car Parks do not have carrying value.

During the three years ended 31 December 2014 and eight months ended 31 August 2015, we entered into agreements to transfer or lease the right to use CAD Car Parks to our customers. We intend to continue such transfer in the future.

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Pursuant to the CAD Laws, we are allowed to manage and use the civil air defense facilities developed by us at the time of peace and make profit therefrom. As at the Latest Practicable Date, we had transferred and/or leased the right to use CAD Car Parks constructed in the following property development projects, namely Yangzhou Park Number One, Jiayuan Centurial Garden, Jiayuan Centurial Scenery Park, Oriental Paris City and Jiayuan Centurial Villa. As at the Latest Practicable Date, the construction process for Oriental Paris City is still on-going. In relation to the above, we have obtained (i) the CAD Utilisation Permits for Yangzhou Park Number One and Jiayuan Centurial Garden; (ii) with respect to the CAD Car Parks in Jiayuan Centurial Scenery Park and Oriental Paris City, written and oral confirmation from the relevant government authorities in June and August 2015 confirming that (a) we are authorised to lease and/or transfer the right to use all the CAD Car Parks developed by us; and (b) it is not necessary for us to obtain any permit or approval for our operations with respect to the CAD Car Parks; and (iii) with respect to the CAD Car Park in Jiayuan Centurial Villa, written confirmation in August 2015 confirming that we are authorised to transfer and/or lease the right to use the CAD Car Parks and to generate income therefrom. In relation to (iii) above, we are not in a position to apply for the relevant CAD Utilisation Permit at this stage as the CAD Car Park in Jiayuan Centurial Villa has not passed the construction completion examination. In this regard, our Directors confirm that we will apply for the CAD Utilisation Permit as soon as practicable. Based on the foregoing, our PRC Legal Adviser has advised that the transfer and/or lease of the right to use the relevant CAD Car Parks has been approved by the relevant authorities, and the risk that we will be required to rectify such transfer and/or lease operation or imposed with penalty by such authorities is remote. However, there can be no assurance that we can (i) obtain the CAD Utilisation Permits from the relevant government authorities for our CAD Car Parks developed in Jiayuan Centurial Villa and other CAD Car Parks which we intend to transfer or lease the usage right; or (ii) maintain the validity of any CAD Utilisation Permit or government confirmation that has been granted or provided to us.

As advised by the PRC Legal Adviser, (i) according to the Administrative Measures for Developing and Using Civil Air Defense Property at Ordinary Times (人民防空工程平時開發利用管理辦法) (the “National CAD Laws”), which is a national PRC regulation, a property developer is not allowed to transfer and/or lease the right to use the CAD Car Parks unless it has obtained the relevant CAD Utilisation Permit; and (ii) the local civil air defence authorities at county level shall be the competent authorities for processing applications for and issuing CAD Utilisation Permits and enforcing the National CAD Laws (the “CAD Enforcement Authorities”). As advised by our PRC Legal Adviser, pursuant to the *Measures of Jiangsu Province for the Implementation of the Civil Air Defense Law of the People’s Republic of China (2008 Amendment)* (江蘇省實施《中華人民共和國人民防空法》辦法(2008年修正)), any unauthorised transfer and/or lease of the right to use the CAD Car Parks without obtaining the relevant approval (including CAD Utilisation Permits) from the relevant authorities may be subject to a fine between RMB10,000 and RMB50,000 and a mandatory requirement to make rectification within a specified period of time.

As advised by the PRC Legal Adviser, we do not consider our transfer and/or lease of the right to use CAD Car Parks during the Track Record Period constitute a material non-compliance of the applicable CAD laws and regulations because (i) the National CAD Laws have authorised the CAD Enforcement Authorities to enforce the relevant CAD Laws and such CAD Enforcement Authorities have allowed us to transfer and/or lease the right to use the relevant CAD Car Parks in circumstances where such CAD Enforcement Authorities had been informed of such transfer and/or lease of the right to use the CAD Car Parks; and (ii) we have been advised by the PRC Legal Adviser that the risk that we will be asked to rectify the transfer and/or lease operation with respect to CAD Car Parks and imposed with penalty by such authorities is remote.

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Save for the above transfer and/or lease of the right to use the CAD Car Parks, we have not transferred and/or leased other CAD Car Parks developed, under development or planned to be developed by us as at the Latest Practicable Date. Accordingly, as at the Latest Practicable Date, we were not in breach of any applicable CAD laws and regulations with respect to those CAD Car Parks that we did not transfer or lease the usage right. Our Directors confirm that we will, to the extent permissible under the applicable CAD laws and regulations and government practice of the relevant location in which our property development project is located, apply for CAD Utilisation Permits as soon as practicable after the completion of those property development projects which are still under development for the transfer and/or lease of CAD Car Parks developed therein. As at the Latest Practicable Date, we had not received any prohibition or rectification order or been subject to any penalty in respect of our operation in leasing and/or transferring the right to use the CAD Car Parks. Further, there was no dispute between ourselves and our customers regarding the lease or transfer of the rights to use such CAD Car Parks as at the Latest Practicable Date.

The applicable PRC laws and regulations impose management and maintenance requirements on civil air defense facilities, which can be used by a person to his or her benefit (including to make profit therefrom). In this regard, the design, construction and quality of the civil air defense facilities must conform to the protection and quality standards established by the PRC Government. If our customer fails to maintain the CAD Car Parks in accordance with the applicable laws and regulations, given the uncertainty regarding the transfer of the right to use the CAD Car Parks in the absence of the CAD Utilisation Permits, we may be subject to adverse legal consequence if it is adjudicated that our transfer of the rights to use the CAD Car Parks was invalid in the absence of the CAD Utilisation Permits.

In the event that the PRC Government declares a state of war, the PRC Government may take over civil air defense projects as civil air defense shelters. We are subject to the above requirement with respect to our CAD Car Parks. Given the uncertainty regarding the transfer of the right to use the CAD Car Parks, if (i) our customer fails to surrender the CAD Car Park to the government authorities; and (ii) it is adjudicated that the rights to use the CAD Car Park remains with us, then we may be subject to adverse legal consequences.

Please refer to the section headed “Risk factors — Risks relating to our business — The validity regarding the transfer of the right to use civil air defense projects is uncertain and we may be required to refund the consideration of such transfer to our customers and subject to adverse legal consequences if we fail to obtain the CAD Utilisation Permits or otherwise maintain the validity of the CAD Utilisation Permits or government confirmations which have been granted or provided to us” in this prospectus for further details.

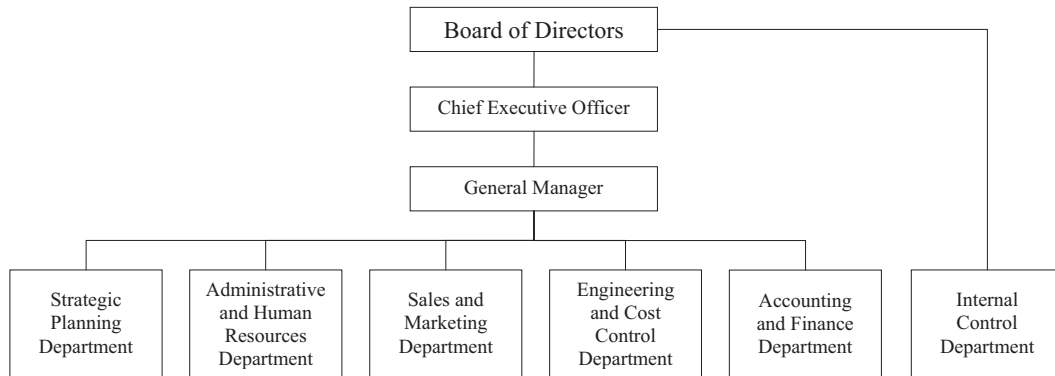
### **Non-civil air defense car parks**

During the three years ended 31 December 2014 and eight months ended 31 August 2015, we entered into agreements to lease the right to use non-civil air defense car parks. Our Directors confirmed that save as disclosed in the prospectus, we have obtained all the construction works planning permits and construction works commencement permits for the non-civil air defense car parks. Pursuant to the Interpretation of the Supreme Peoples’ Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋), the lease contracts with respect to those construction works sites which have not obtained construction works planning permits or have not been built in compliance with the construction works planning permits shall be invalid. However, such lease contracts shall be deemed by the People’s Court to be valid if the construction planning permit has been obtained or if the construction has been approved by the competent authority before the closing of trial in the court of first instance. Based on the foregoing, our PRC Legal Adviser advised that the lease contracts are valid and legally binding on both parties to the contract.

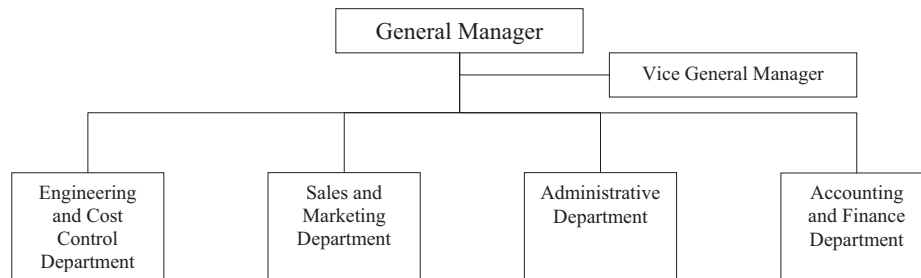
**OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE**

The following chart demonstrates our management and organisational structure as at 31 August 2015:

**(i) Headquarters**



**(ii) Project Companies**

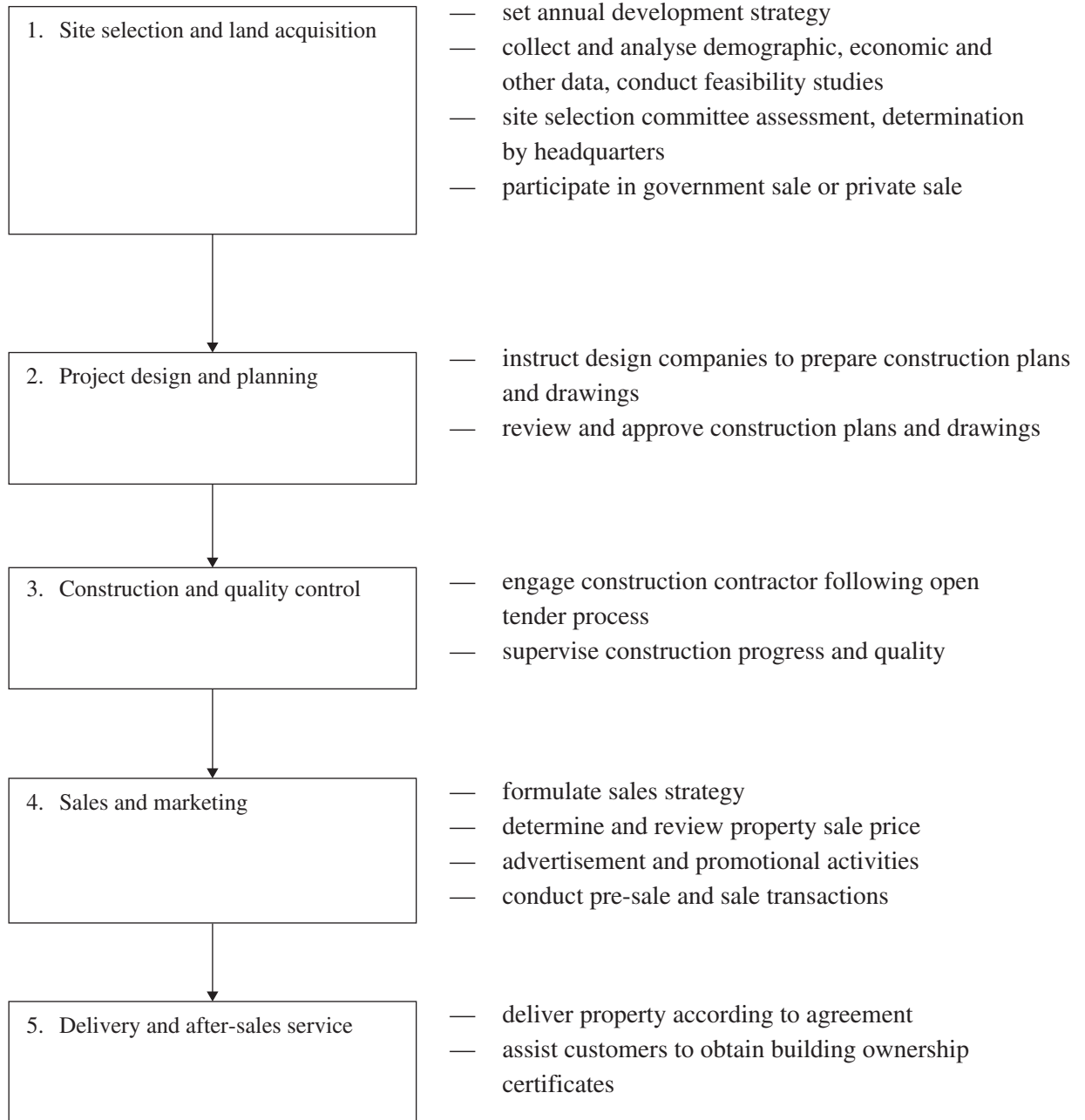


We have adopted a two-tier management and organisational structure with our headquarters as the first tier and regional project companies as the second tier. We believe that our operational efficiency is mainly attributable to the demarcation of roles and functions between our headquarters and regional project companies. Our headquarters is generally responsible for, among other things, making strategic decisions, formulating business development plans and policies for our Group, overseeing project development progress, establishing sales target and carrying out monitory and supervisory functions. Our regional project companies are committed to implementing the policies formulated by our headquarters, and are responsible for carrying out our daily operations such as executing project development plans, monitoring construction schedule, carrying out quality control inspections, executing sales and lease operations. With respect to property development project management, each of our project managers from the relevant regional project company will be responsible for the overall development progress of a particular property development project. A project manager is usually assisted by a team of personnel comprising a project engineering manager, a project design manager, a project cost control manager and other assistants.

We have established a systematic reporting, internal approval and communication channel which aims to facilitate a constructive flow of directives and swift transmission of information. Our regional project companies report to our headquarters regularly. We believe that an effective communication channel contributes to our operational efficiency which allows us to gauge business opportunities and to react speedily in the dynamic property market.

**OUR KEY PROPERTY DEVELOPMENT PROCESS**

The following chart sets out the key steps of our typical property development process:





### **Site selection**

We undertake a critical site selection process which requires the cooperation between our headquarters and regional project companies. The process involves (i) setting annual development strategy; (ii) collecting and conducting analysis of site, demographic, economic and other relevant data, identification of potential project sites; (iii) conducting feasibility studies by ourselves or third parties engaged by us; and (iv) assessment and recommendation by site selection committee and determination by our headquarters.

Based on the project type, our strategic investment department will identify available land plots and collect relevant data with a view to allow our senior management to make informed decisions. We will then analyse the data ourselves or commission a professional adviser to conduct a feasibility study for the potential property development project and perform multi-faceted assessment on the prospect, profitability, and financial and operational feasibility of the potential property development project. Based on the above, our headquarters will then make a determination on the project site.

We usually consider the following major criteria in determining the relevant city and site for our property development, including the (i) geographical size of the relevant city and district or county, (ii) size of population and its composition, (iii) GDP of the relevant city and per capita, and growth rate; (iv) government zoning and development policies; (v) accessibility, transportation, and infrastructural development; and (vi) historical and projected condition of the local property market.

Under this selection process and adhering to our core development strategy of “major cities and selected key towns”, our residential complex projects are situated at locations which we consider to be of moderate to high economic growth potential supported by readily available infrastructure, public facilities and amenities, and transportation system. In contrast, our integrated commercial complex projects are located in key towns which are expected to be developed into major economic and transportation hubs among neighbouring towns, the level of development of commercial infrastructure of which is relatively immature. We believe that our profitability can be optimised under this approach.

We appreciate the importance of education to our target customers who are parents. In order to establish a niche for our property development projects in this regard, we aim to choose a project site which is located in an established school network or participate in the construction of government schools which are located adjacent to or within our property development projects. Since our inception, we have been participating in the development of five schools. As a socially responsible corporate entity, we plan to continue our participation in school construction for our customers and the community at large. Further, we believe that the appeal and perceived value of our property projects that are located within an established school network can be immensely increased.

### **Land acquisition**

We usually acquire land in (i) the primary market through bidding in public auction, listing-for-sale process in compliance with the 2007 Regulations promulgated by the MLR on 9 May 2002 and revised on 28 September 2007 (the “2007 Regulations”), which took effect on 1 November 2007; or (ii) in the secondary market through an acquisition of equity or shareholding interest in a company which holds the relevant project land.

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Save for the project lands for our Zijin Mansion in Nanjing which were acquired in the secondary market, we acquired all of our project lands in the primary market through bidding in public auction, listing-for-sale process in accordance with the 2007 Regulations. Pursuant to the 2007 Regulations, a land parcel which is to be used for, among other things, commercial or commodity residential purposes or where there are two or more intended users for the land parcel, must be granted through tender, auction, or listing-for-sale process. As a successful bidder of our project lands, we entered into land grant contracts with the relevant government authorities for all our projects as at 31 August 2015. Save for two project lands which were pending payment of the land premium, we obtained the land use right certificates for all of our project lands as at 31 August 2015. Please refer to the sections headed “Regulatory overview” in this prospectus for more details on the 2007 Regulations and other applicable PRC regulations and “Business — Details of our property development projects” in this prospectus for further details of our project lands.

We acquired the project land for our Zijin Mansion in the secondary market through acquisition of the entire issued share capital in Guo Xiang from a vendor, which is an Independent Third Party. Pursuant to a sale and purchase agreement dated 2 August 2013 entered into between Hong Kong Jia Yuan and the vendor, the vendor agreed to sell and Hong Kong Jia Yuan agreed to purchase the entire issued share capital of Guo Xiang together with all outstanding loans due from Guo Xiang and from its 99% subsidiary, Nanjing Xinhaoning, to the vendor and its associates, for the aggregate consideration of RMB1,200 million. Such consideration was settled in full as at 30 August 2013. On 17 September 2013, we acquired the entire issued share capital of Nanjing Jia Feng, which owns the remaining 1% equity interest in Nanjing Xinhaoning, from two individual vendors who are Independent Third Parties for an aggregate consideration of RMB5 million. We also settled the indebtedness in the amount of RMB195 million due from Nanjing Jia Feng to its creditors. As Nanjing Xinhaoning acquired the land use right of the project land through bidding in public auction, listing-for-sale process and obtained the land use rights certificates in August 2012, we acquired the ownership of the project land upon the completion of the acquisition of Nanjing Jia Feng, which took place on 17 September 2013.

### **Project design and planning**

We have put in place a four-stage planning and design process, involving conceptual planning, construction planning, final planning and review and approval of construction drawings. We usually set out our cost and time requirements, as well as statutory and government requirements in our contracts with the design companies engaged by us, pursuant to which the relevant design plans are prepared. Our sales and marketing department will also provide inputs on commercial planning, such as intended tenant and industry mix, for our integrated commercial complex projects. The relevant design companies engaged by us will then prepare the relevant designs and drawings according to our requirements.

We strive to develop real estates that are appealing to our target customers. To this end, we are aspired to develop high quality real estates which usually adopt classical or neo-classical architectural style under a spectrum of European or Chinese themes. Our products endeavour to create a luxurious lifestyle and hospitable living environment for our customers and we believe that the architectural design and planning adopted by us will instill a sense of pride amongst our customers in owning or investing in our properties.

In order to maintain our competitiveness in the property market, we recognise the need to remain innovative in our product design. In this regard, while the majority of our property development projects is European themed, our Zijin Mansion will be developed into a Chinese themed residential complex with traditional Chinese themed garden incorporating various pavilions and a four-storey pagoda constructed at its centre. In order to enhance the appeal of our products, we usually apportion a sizeable portion of site area for the construction of scenic gardens and/or squares for the enjoyment of our residents. For instance, our Zijin Mansion is planned to be developed with a Chinese themed garden featuring various

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scenic spots including a Chinese styled artificial lake, various pavilions and a four-storey pagoda constructed at its centre. We envisage that these gardens and squares will not only enhance the comfort of our customers, they also provide visual appeal to owners and target customers.

We believe that our innovative design distinguishes us from our competitors. One of the featured designs that has been infused in some of our property development projects materialises a significant segregation of vehicles from pedestrians. In order to maximise surface leisure areas for our residents, some of our complexes have been or will be developed with car entrances that direct all incoming vehicles to an extensive underground travelling area. Our underground travelling area is accessible to the residential buildings and their respective car parks within the relevant complex. We believe that this featured design is not only environmental friendly for the pedestrians, it also adds an additional level of comfort to our customers.

It is our objective to develop resident-oriented complexes. In this regard, each of our property development projects has been or will be developed into a communal style complex, which is designed to provide a high level of convenience and enjoyment to our customers by bringing entertainment facilities, restaurants, shopping arcades, schools, gardens and other amenities and facilities in close proximity to the residential area. In order to achieve this, it is our intention to develop commercial pedestrian streets (商業步行街) and/or shopping arcades to cater to the daily needs of our residential customers. It is also our plan to retain control over the overall management of our shopping arcades in integrated commercial complexes which enables us to select tenants and their industry composition. Under our management, we are aspired to provide a “one-stop-shop” shopping experience to our customers and surrounding local residents.

We engage the service of design companies for generating our project designs and construction drawings. Save for Jiaxing City Boyuan Architecture Design Co., Ltd.\* (嘉興市博源建築設計有限公司), formerly known as Zhejiang Jia Yuan Construction Design Limited\* (浙江佳源建築設計有限公司), which is a connected person, all of the design companies engaged by us during the Track Record Period were Independent Third Parties. Please refer to the section headed “Continuing connected transactions” in this prospectus for further details on our transactions with Jiaxing City Boyuan Architecture Design Co., Ltd.\* (嘉興市博源建築設計有限公司). We usually select a design company following an assessment of its reputation, track record, performance, experience and engagement costs. During the Track Record Period, we entered into project-based agreements but did not enter into any long-term agreement with the design companies. Our contracts with the relevant design companies usually stipulate the scope of design service required, our time and quality standard requirements, service fee and payment schedule. In this regard, a design company usually charges us a service fee with reference to the GFA of a project, which is typically payable at various development milestones of a project.

### **Construction and quality control**

#### *Construction*

We outsource all construction work of our property development projects to construction contractors. We usually conduct an open tender process to select our construction contractors. In this regard, we usually engage the service of a tender agent to organise the open tender process which includes preparing the relevant tender documents and relevant tender invitations, receiving and reviewing bidding documents from bidding participants based on a set of criteria determined by us, and reporting to us the status of the open tender process. We usually enter into a legally-binding agency contract with the tender agent on a project-by-project basis. Pursuant to a typical agency contract, we will pay a tender agent either a fixed service fee or such service fee that is calculated with reference to (i) the planned GFA of a project; or (ii) the contract sum of the winning construction contractor. During the Track Record Period, all tender agents engaged by us were Independent Third Parties.

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The criteria for selecting a construction contractor is set out in the tender documents, which include, (i) the qualification of the construction contractor, (ii) its construction track record; (iii) the historic occurrence of safety incidents; (iv) the construction fee; (v) history of previous cooperation; and (vi) the awards it has received and its reputation. We will enter into a legally-binding project-based construction agreement, either with respect to the whole property development project or certain phase thereof, with the winning contractor which incorporates the terms set out in the tender documents and the bidding documents submitted by the relevant construction contractor. The main terms and conditions of a construction contract include (i) the duration of construction which varies according to the complexity of a particular project; (ii) the scope of construction work; (iii) the parties' responsibilities for acquiring raw materials; (iv) the payment terms; and (v) the limitations on sub-contracting construction work. We usually do not allow our construction contractors to subcontract any part of the construction work unless otherwise approved or agreed by us. Further, we usually hold the construction contractor responsible for the actions and performance of the sub-contractor.

The scope of construction work carried out by a construction contractor is usually included in the construction contract and generally includes civil engineering works, foundation works, primary structural works, installation works, and general construction works. The relevant construction contractor is generally contractually responsible for purchasing substantially all major construction materials, such as steel and cement, other than any raw materials that we have specified as would be purchased by us, such as ceramic tiles, doors, intercom equipment, and elevators. The construction contractor will usually bear the acquisition costs of those raw materials procured by them while we will bear the costs of any raw materials procured by us.

We usually agree to pay the construction contractor according to the stage of construction under the construction agreement. While the percentage of construction fee payable to the construction contractor varies in different projects, under a typical development project, we would have paid approximately 70% to 80% of the construction fee when the construction work of the relevant building(s) is completed pending completion inspection; approximately 85% to 90% of the construction fee upon satisfactory completion inspection; and approximately 95% to 97% of the construction fee at the time of settlement. We retain 3% to 5% of the construction fee as quality assurance deposit which is usually payable to the construction contractor within a period of five years.

The construction contract is usually terminable by mutual agreement. In addition, we are entitled to terminate if the construction contractor sub-contracts all or any part of the construction work to a third party without our consent. Occasionally, the construction contract will allow the construction contractor to terminate the construction contract if there is a material delay on our part in paying the construction fee in accordance with the terms of the contract.

All construction contractors were Independent Third Parties during the Track Record Period and as at the Latest Practicable Date.

During the Track Record Period, we did not have any material disputes with our construction contractors or agents.

### *Quality control*

The quality standards adopted by us in our project development are compliant with the applicable PRC legal requirements. A construction contractor is contractually obliged to provide regular reports on the progress of the construction period and relevant forecast. The quality control team of each of our regional project companies, comprising a project engineering manager, engineers and other personnel is responsible for monitoring the development progress, the quality of construction work and construction material used.

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We also engage third party certified construction supervision companies as supervisors to assist us in our quality control effort. We generally engage a third party agent to organise an open tender process for selecting a third party supervisor. The criteria used for selecting the third party supervisor include (i) the qualification of the third party supervisor; (ii) the composition and experience of the supervisory team; (iii) history of previous cooperation; and (iv) supervisory fee.

We convene regular conferences with the construction contractor and third party supervisor to review the development progress and follow-up issues for each property development project. The construction contractor will be required to carry out rectification work on any sub-standard construction work until a satisfactory standard is achieved. Further, it is usually stipulated in our construction contract that the raw materials used by the construction contractor must conform to the standards and specifications determined by us. Any use of sub-standard raw materials by the construction contractor is susceptible to rectification work to be conducted by the relevant contractor at its own expense. If the construction contractor fails to remedy any default identified by us within a stipulated period, we are entitled to monetary compensation and/or termination of agreement. Further, a construction contractor is usually required to indemnify us for any loss suffered by us as a result of any breach of the construction contract.

### **Sales and marketing**

#### *Formulating sales strategy and determining sale price*

Our sales and marketing department at our headquarters and regional project companies are responsible for formulating sales strategy and determining property sale price. Generally speaking, when we conduct our feasibility studies at the beginning of the property development project, we have already collected and analysed the relevant demographic and economic data of the relevant site location, estimated our development costs and have, accordingly, determined the customers targeted for our property development. Based on these information, we will determine the sale price for properties developed by us. Our sales and marketing department will formulate sales strategy such as incentivise measures to promote sales. We may, at our own discretion, give discount to our customers for sale promotion purposes.

Our property sale price is generally determined with reference to (i) our land acquisition and construction costs, (ii) sale price of our competitors for developments of similar scale and quality in the proximity, (iii) type of property, (iv) location of the relevant property and (v) market conditions.

#### *Advertisement and promotional activities*

We believe that it is the most effective sales strategy to showcase our products and allow our potential customers to experience and visit our products with a view to creating a lasting impression on our quality. Accordingly, it is our strategy to prioritise the development of our projects' sales exhibition zone, which is usually developed with decorated residential properties of various room types, and actual gardens and/or squares.

In April 2015, we entered into a cooperation agreement with a real estate agent for the purpose of promoting sales of properties developed under our Venice Metropolis. Under the cooperation agreement, the real estate agent agreed to procure an agreed number of potential customers to visit our project premises at the commencement of pre-sale and to attend our promotional activities. The real estate agent will also organise tours to the project premises. Customers who purchase our properties during the tour may enjoy certain promotional discount. Pursuant to the cooperation agreement the real estate agent will receive a fixed fee from the customers for each property purchased by them during the tour.

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In 2015, we have put in place a promotional scheme that encourages our customers to introduce potential customers to purchase properties developed by us. Under this promotion scheme, we will, among other things, offer monetary reward to both the introducer and new customer for each successful transaction.

During the Track Record Period, we predominantly employed media and billboard advertisements. We held promotional activities on our complex premises to promote our products. It is our plan to organise, sponsor and participate in large-scale press conference and exhibitions to enhance the recognition of our “Jia Yuan” brand.

### *Sales*

We sell our properties through our own regional sales team and/or sales agents which are engaged by us on an exclusive or non-exclusive basis. We will enter into an agency agreement with the relevant sales agent which sets out the terms of engagement, which usually include: (i) details of the relevant project and the portion thereof for which the sales agent is required to provide sales services; (ii) the mechanism of determining the benchmark sale price; (iii) the commission payable to the sales agent and settlement mechanism; and (iv) the duration of the agency agreement.

The agent’s commission amount, which is usually calculated with reference to the sale price and the commission rates, may vary between different projects and different agents. Nonetheless, under a typical agency agreement, the sales commission is usually payable by us in arrears on a monthly basis. Further, we are entitled to set monthly sales target for the sales agent. Where the sales agent fails to achieve the monthly sales target set out in the agency agreement, we are entitled to withhold payment of the sales commission until such monthly sales target is reached. We are also entitled, under a typical agency agreement, to terminate the service of a particular agent, if that agent fails to meet our sales target for two consecutive months. The sales commission paid by us during the Track Record Period amounted to approximately RMB3.2 million, RMB6.5 million, RMB28.9 million and RMB50.8 million respectively.

According to the relevant PRC laws, the pre-sale of commodity properties prior to the completion of its construction is subject to registration and approval requirements. A property development is only allowed to engage in pre-sale activities if (i) the relevant land premium has been fully paid and the developer has obtained the relevant land use rights certificate(s); (ii) a construction works planning permit and construction works commencement permit have been obtained; (iii) the amount invested in the construction of the project represents 25% or more of the total investment costs of the property development project, and the progress of construction work, completion and delivery dates have been ascertained; and (iv) the pre-sale proposal has been registered and a pre-sale permit has been obtained by the property developer. We have obtained all necessary permits for our pre-sale transaction.

We enter into temporary and formal sale/pre-sale contracts with our end-customers directly. Our formal sale contract usually stipulates (i) the instalments of the purchase price payable by the customer under an agreed schedule; (ii) the additional amount payable by the customer or the mechanism for terminating the agreement in the event of delay or default in payment; and (iii) in respect of a pre-sale transaction, the delivery date and delivery procedure. Under normal circumstances, we usually receive full amount of the purchase price at or before delivery of the relevant property. We provide quality assurance to our customers in accordance with and for a period not shorter than that stipulated under the relevant PRC laws.

We have put in place arrangements with certain banks where we will provide guarantees in favour of such banks for any mortgage loans obtained by our customers for the acquisition of our properties. Such guarantee will terminate and cease to be effective upon the customer obtaining the building ownership certificate and completion of the mortgage registration for the relevant property. The period of our guarantee provided to the relevant banks varies on a case-by-case basis subject to, among other things, the time at which our customers obtain the relevant mortgage loans. Since (i) the delivery of properties to



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our customers generally takes place within two years from the date of the relevant sales contract; and (ii) it is our policy to assist our customers to obtain the relevant building ownership certificates within six months from, among other things, the date of delivery of the relevant properties, the duration of our guarantee is generally within two and a half years from the date of the relevant sales contract. The guaranteed amount is limited to the mortgage loan amount and shall be payable by us in the event that the customer defaults in repaying the mortgage loan. We do not conduct separate credit checks on our customers in addition to any credit check conducted by the relevant banks. During the Track Record Period, the guaranteed amount borne by us in this regard amounted to approximately RMB863.6 million, RMB1,414.7 million, RMB1,769.9 million and RMB1,848.2 million respectively. During the Track Record Period, there occurred three incidents of default by our customers in 2014 and one incident of default in the eight months ended 31 August 2015, and the aggregate guaranteed amount paid by us was approximately RMB1.6 million.

### **Delivery and after-sales service**

We are required to deliver a completed property in accordance with the terms of the formal agreement entered into with a customer. At the time of delivery, we are required by the relevant PRC laws to pass to the customer, a user manual and completion certificate issued by the relevant authorities evidencing the satisfactory results in the completion acceptance inspection. Pursuant to a typical formal sale agreement, we will provide written notice to a customer informing the delivery date and other relevant details. A customer will generally be deemed to have accepted all the risks associated with delivery and all the expenses incurred thereafter after 30 days from the date of our delivery notice.

We strive to punctually deliver the relevant properties, as any failure to do so, may render us liable for payment of compensation and/or may entitle the customer to terminate the agreement at our expense resulting in a full refund of all amounts paid by the customer. Pursuant to a typical sale/pre-sale contract entered into between ourselves and our customers, if we fail to deliver the relevant property for a period not exceeding 90 days, we are required to pay compensation to our customer at a daily rate of 0.0015% of the sale price paid by the customer for each day of delay. If we fail to deliver the relevant property for a period exceeding 90 days, the customer is entitled to terminate the sale/pre-sale contract, and we are required to (i) refund all sale price paid by the customer within 15 days following our receipt of the termination notice; and (ii) pay compensation to the customer at a daily rate of 0.015% of the sale price paid by the customer for each day of the delay up to the day on which refund of the sale price mentioned in (i) above is made in full. Where a customer elects not to terminate the sale/pre-sale contract, we are still required to pay compensation to the customer at a daily rate of 0.015% of the sale price paid by the customer for each day of the delay up to the day on which we have received the completion certificate.

We experienced delay in delivery of properties to our customers in relation to our Suqian Park Number One (宿遷公園一號), Venice Metropolis (威尼斯城) and Elite International Garden (名人國際花園) during the Track Record Period, mainly due to delay in the construction process of our projects. In response, our internal policy and guidelines have been revised to set out permissible timeline for the completion of each major milestone for various types of projects. The enhanced internal control measures require our engineering and cost control department at the subsidiary level, which is responsible for monitoring construction time and quality, to adhere to such timeline. Our headquarters is entitled to give directives to the project company on the execution of a particular project, and the general manager of each project company shall assess the construction status of a project and report to the headquarters on a monthly basis. If there occurs any delay or potential delay to the permissible timeline, the project company must account for such a delay and the revised timeline must be approved by our headquarters before its execution. During the Track Record Period, we paid approximately nil, RMB31.1 million, RMB39.0 million, and nil respectively due to delay in delivery of properties to customers. Please refer to the section headed “Risk factors — Risk relating to our business — We may not be able to obtain relevant land, complete or delivery our property development projects on time and we may be subject to liabilities as a result of such delay” in this prospectus for further details regarding our risk exposure in this regard.

Our after-sales service primarily includes offering assistance to our customers in obtaining ownership certificates and handling customers’ complaints.

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### PRODUCT RETURNS AND WARRANTY

We will carry out inspection and quality checking on the properties before delivery of our properties. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any product return of our properties due to quality defects.

We provide our customers with a warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (商品房銷售管理辦法) and Regulations for the Operations of Urban Property Development (城市房地產開發經營管理條例). We provide different warranty and maintenance periods to our property purchasers in respect of different parts of the construction projects of the building according to the Implementation Regulation of Residence Quality Guarantee and Residence Manual System on Commercial Housing (商品住宅實行住宅質量保證書和住宅使用說明書制度的規定) or Measures on the Warranty and Maintenance of Building Construction Projects (房屋建築工程質量保修辦法).

In general, we provide a five-year warranty in respect of water leakage due to external walls and a one-year warranty in respect of the quality and conditions of most parts of the residential property unit. For the foundation and structure of the commodity property, we will provide warranty for such period as required by the relevant PRC laws and regulations.

### PROPERTY MANAGEMENT SERVICES

During the Track Record Period, we engaged professional property management companies to provide pre-delivery property management service prior to the establishment of an owners' committee of the relevant building developed by us in accordance with the relevant PRC property management laws and regulations. In this regard, we typically enter into a pre-delivery property management service contract with the relevant property management companies for the provision of services such as property maintenance, site security, gardening, cleaning and other ancillary services. The management fee is determined with reference to the prevailing market rates, guidance rate set by the relevant government authorities, and the GFA of each property of the relevant property development project. The management fee is usually settled on a monthly, quarterly or yearly basis. Following delivery of the relevant property, property owners are responsible for the payment of their own management fee, while we are responsible for payment of management fees for properties that are completed but not yet sold or delivered.

The pre-delivery property management service contract will remain in effect after delivery of properties to our customers. However, under the relevant PRC laws and regulations, half of the property owners which own properties accounting for more than half of the non-communal GFA in a property development have the right to engage or dismiss a property management company. In the event that the property owners dismiss the existing property management company, the owners' committee will enter into a new property management service contract with the property management company chosen by the majority property owners. As at the Latest Practicable Date, none of the property management companies we engaged had been dismissed by property owners for providing management services in the properties developed by us.

During the Track Record Period, save for Jia Yuan Property, all property management companies engaged by us for the provision of pre-delivery property management services were Independent Third Parties. For further details of our property management arrangements, please refer to the section headed "Continuing connected transactions" in this prospectus.

### PROJECT FINANCING

During the Track Record Period, the main source of funding for our property development project included (i) proceeds of pre-sale and sale of our properties; (ii) bank borrowings; and (iii) financing from trust companies and asset management companies. As at 31 August 2015, the outstanding debt due from us for our business operation amounted to approximately RMB5,267.9 million.

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Trust financing is an authorised form of financing in the PRC and usually refers to financing by trust funds established and managed by trustees of such funds, which are trust companies registered with the CBRC. These trust financing arrangements can take the form of equity financing or debt financing, and are invested by qualified investors who meet the criteria set out in the Measures for the Administration of Trust Companies' Trust Plans of Assembled Funds\* (信託公司集合資金信託計劃管理辦法) issued by CBRC on 4 February 2009 as amended from time to time. The liabilities of a borrower under trust financing can be secured by different forms of security including equity pledges, guarantees, and land mortgages.

Pursuant to the Measures on Administration of Trust Companies (信託公司管理辦法), the Administrative Measures for Pooled Fund Trust Plans of Trust Companies (信託公司集合資金信託計劃管理辦法), and the Administrative Measures for Net Capital of Trust Companies (信託公司淨資本管理辦法) which took effect on 1 March 2007, 4 February 2009, and 24 August 2009 respectively, a “trust company” is a financial institution established in the PRC, which has a minimum registered capital of RMB300 million or equivalent value in another currency, that carries out trust business in China. A “trust business” refers to such business operation undertaken by a trustee under the fiduciary capacity of that office.

Pursuant to the Notice on Strengthening the Supervision of Trust Companies' Real Estate Business (關於加強信託公司房地產業務監管有關問題的通知) promulgated by the General Office of CBRC on 11 February 2010 (the “Supervision Notice”), the following conditions must be satisfied before a trust company may finance a property development: (i) the property developer has obtained development qualification of class two or above as evidenced by the Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書); (ii) the property developer has invested such amount by deploying its own capital in compliance with the relevant requirements set by the relevant government authorities; and (iii) the property developer has obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits, construction work commencement permits.

Pursuant to the Notice on Risk Alert for Trust Companies' Real Estate Business (關於信託公司房地產信託業務風險提示的通知) issued by the CBRC on 12 November 2010, all trust companies are required to review the regulatory compliance and risk exposure with respect to each of its property development related trust financing transactions. These include a review on the compliance with the Supervision Notice. In the event of non-compliance, the relevant banking regulatory bureau shall take measures to require the trust company to rectify and/or penalise such non-compliance in accordance with applicable rules and regulations.

During the Track Record Period, we entered into secured financing arrangements with AVIC Trust Company Limited\* (中航信託股份有限公司), PingAn Trust Company Limited\* (平安信託有限責任公司), CITIC Trust Company Limited\* (中信信託有限責任公司), Zhejiang branch, China Huarong Asset Management Co., Ltd\* (中國華融資產管理股份有限公司浙江省分公司) and Founder BEA Trust Company Limited\* (方正東亞信託有限責任公司). As at the Latest Practicable Date, we had repaid all outstanding liabilities under the trust financing arrangements with Founder BEA Trust Company Limited\* (方正東亞信託有限責任公司) and PingAn Trust Company Limited\* (平安信託有限責任公司). As advised by our PRC Legal Adviser, the trust financing and loan agreements entered into between ourselves and the various trust and asset management companies are valid and not in breach of any mandatory provisions of applicable PRC laws and administrative regulations. As at the Latest Practicable Date, we had not been informed by the trust companies or asset management companies of any instance where the CBRC had required the relevant financiers to rectify their trust financing arrangements with us.

All guarantees and equity pledges provided by our Controlling Shareholders and their respective associates (other than those provided by our Group) as security for our indebtedness under financing from trust companies and asset management companies will be released prior to Listing.

As at 31 August 2015, we had six outstanding financing arrangements with trust companies and asset management companies, as follows:

Relevant subsidiaries	Financing provider	Duration	Principal amount	Use of financing proceeds	Interest rate	Securities	Outstanding balance as at 31 August 2015
Nanjing Xinhaoning	CITIC Trust Company Limited* (中信信託有限公司)	(i) Tranche A with the principal amount of up to RMB800 million; 28 July 2015-27 July 2016;  (ii) Tranche B with the principal amount of up to RMB500 million; 29 July 2015-28 January 2017;  (iii) Tranche C with the principal amount of up to RMB1,000 million; 30 July 2015-29 July 2017;  (iv) Tranche D within the amount of RMB380 million, for a term of 24 months from the drawdown date of such tranche of loan.	RMB2,680 million	(i) Development of Zijin Mansion;  (ii) settlement of the consideration of certain share transfers in connection with the Reorganisation;  (iii) repayment of debt.	Fixed interest at 12.9% per annum	(i) Guarantee provided by Zhejiang Jia Yuan Group, Mr. Shum and his spouse <sup>1</sup> and Nanjing Gangyuan;  (ii) land use rights over certain parcels of lands with site area of 84,539 sq.m. and 69,213 sq.m. respectively owned by Nanjing Xinhaoning, and certain properties under development thereon;  (iii) land use rights over parcels of lands with total site area of approximately 374,816 sq.m. of Venice Metropolis and certain commercial properties with total GFA of approx. 7,356 sq.m. owned by Taixing Guangyuan;  (iv) land use rights over parcels of lands with total site area of approximately 61,354 sq.m. of Jiayuan New World owned by Taixing Guangyuan;  (v) pledge of shares of a PRC Listed company owned by Mr. Shum <sup>1</sup> .	RMB2,300 million

1 As at the Latest Practicable Date, the financier agreed to replace these guarantees or share pledge with guarantee or security collateral to be provided by us. The Directors confirm that these guarantees or shares pledge will be released upon Listing.

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Relevant subsidiaries	Financing provider	Duration	Principal amount	Use of financing proceeds	Interest rate	Securities	Outstanding balance as at 31 August 2015
Taixing Hengyuan	AVIC Trust Company Limited* (中航信託股份有限公司)	30 July 2015 – 30 July 2017	RMB350 million	Development of Huangqiao Jiayuan Central Plaza	Fixed interest at 1.3% per annum	<p>(i) Pledge of certain properties with a total GFA of approximately 47,586 sq.m. owned by Taixing Hengyuan;</p> <p>(ii) land use right of a parcel of land with site area of 23,306 sq.m. owned by Taixing Hengyuan;</p> <p>(iii) buildings under development of approximately 41,323 sq.m. of Huangqiao Jiayuan Central Plaza owned by Taixing Hengyuan;</p> <p>(iv) equity pledge provided by Nanjing Gangyuan over its 100% equity interest in Taixing Hengyuan.</p>	RMB150 million

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Relevant subsidiaries	Financing provider	Duration	Principal amount	Use of financing proceeds	Interest rate	Securities	Outstanding balance as at 31 August 2015
Siyang Fengyuan	AVIC Trust Co., Ltd* (中航信託股份有限公司)	29 October 2014 — 28 October 2016	RMB530 million	Development of Rome Metropolis in Siyang County of Suqian City	Fixed interest rate at 14.5% per annum for an amount up to RMB480 million, and interest free for an amount up to RMB50 million.	(i) Land use rights over a parcel of land and buildings under development located in Rome Metropolis with a total GFA of 48,345 sq.m.;  (ii) land use rights over a parcel of land in Siyang County with a site area of 35,026 sq.m. owned by Siyang Fengyuan;  (iii) guarantee provided by Zhejiang Jia Yuan Group, Mr. Shum and his spouse <sup>1</sup> ;  (iv) guarantee provided by Pele Holdings Group Limited* (百利控股集團有限公司) and Mr. Shen Guojian* (沈國健), each an Independent Third Party;  (v) equity pledge provided by Hangzhou Xinjie Property Co., Ltd.* (杭州新傑置業有限公司), an Independent Third Party, over its 57% equity interest in Hangzhou Jieqiang Property Co., Ltd.* (杭州傑強置業有限公司).	RMB530 million

<sup>1</sup> As at the Latest Practicable Date, the financier agreed to replace this guarantee with a guarantee to be provided by us upon Listing. The Directors confirm that these guarantees will be released upon Listing.



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Relevant subsidiaries	Financing provider	Duration	Principal amount	Use of financing proceeds	Interest rate	Security	Outstanding balance as at 31 August 2015
Suqian Jia Yuan	Zhejiang branch, China Huarong Asset Management Co., Ltd.* (中國華融資產管理股份有限公司) <sup>1</sup> 浙江省分公司 <sup>1</sup>	19 January 2015 — 21 February 2017	RMB500 million	Development of Paris Metropolis in Siyang County of Suqian City	Fixed interest rate at 10.8% per annum	(i) pledge of properties located in Oriental Bright City with a total GFA of approximately 42,990 sq.m. provided by Taizhou Jia Yuan;  (ii) guarantee provided by Zhejiang Jia Yuan Group and Mr. Shum <sup>2</sup> ;  (iii) land use rights of site area of 143,781 sq.m. owned by Suqian Jia Yuan;  (iv) land use rights over a parcel of land of Huangqiao Jiayuan Central Plaza with site area of 42,054 sq.m. owned by Taixing Mingyuan;  (v) equity pledges provided by Nangjing Gangyuan and Shaoyang Guangyuan Property Development Co., Ltd.* (邵陽市廣源房地產開發有限公司) over their respective 90% and 10% equity interest in Suqian Jia Yuan.	RMB500 million

1 By an agreement of assignment dated 16 January 2015 entered into between CITIC Trust Ltd.\* (中信信託有限公司) ("CITIC") as assignor and Zhejiang branch of China Huarong Asset Management Co., Ltd.\* (中國華融資產管理股份有限公司浙江省分公司) ("Huarong") as assignee, CITIC assigned to Huarong the rights to the repayment of a trust financing loan in the principal amount of RMB500 million and all the rights, title and interest therein owed by Suqian Jia Yuan to CITIC.

2 As at the Latest Practicable Date, the financier agreed to replace these guarantees with guarantee or security collateral to be provided by us upon Listing. The Directors confirm that these guarantees will be released upon Listing.

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**Outstanding  
balance as at  
31 August 2015**

Relevant subsidiaries	Financing provider	Duration	Principal amount	Use of financing proceeds	Interest rate	Security	Outstanding balance as at 31 August 2015
Taizhou Jia Yuan, Taixing	Zhejiang branch, China Huarong	14 October 2014 – 14 October 2016	RMB120 million	—	Fixed interest rate at 11.2% per annum	(i) Land use rights over a parcel of land with site area of 24,771 sq.m. owned by Taizhou Jia Yuan;	RMB120 million
Guangyuan, Suqian Jia Yuan and Haiyan Jia Yuan <sup>1</sup> are jointly and severally liable for the repayment of the trust financing loan.	Asset Management Co., Ltd.* (中國華融資產管理股份有限公司浙江省分公司) <sup>2</sup>					(ii) buildings under development of approximately 35,961 sq.m. of Oriental Paris City owned by Taizhou Jia Yuan;	
						(iii) guarantee provided by Zhejiang Jia Yuan Group, Mr. Shum and his spouse. <sup>3</sup>	

1 As at the Latest Practicable Date, the financier agreed to replace Haiyan Jia Yuan with other subsidiary of our Company upon Listing. The Directors confirm that the repayment liability of Haiyan Jia Yuan will be released upon Listing.

2 By an agreement of assignment dated 14 October 2014 entered into between Bohai International Trust Co., Ltd.\* (渤海國際信託有限公司) (“Bohai”) as assignor and Huarong as assignee, Bohai assigned to Huarong a trust financing loan in the principal amount of RMB120 million and all the right, title and interest therein owned by Fushun Jiayuan Property Development Co., Ltd.\* (撫順市佳源房地產開發有限公司) (“Fushun Jiayuan”) for financing its property development projects, to Bohai. On the same day, Taizhou Jia Yuan assumed all the liabilities and responsibilities owed by Fushun Jiayuan to Huarong under the agreement of assignment by entering into a debt restructure agreement.

3 The financier agreed to replace these guarantees with guarantee or security collateral to be provide by us upon Listing. The Directors confirm that these guarantees will be released upon Listing.

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Relevant subsidiaries	Financing provider	Duration	Principal amount	Use of financing proceeds	Interest rate	Securities	Outstanding balance as at 31 August 2015
Taixing Guangyuan, Taizhou Jia Yuan, Haiyan Jia Yuan <sup>2</sup> and Suqian Jia Yuan are jointly and severally liable for the repayment of the trust financing loan.	Zhejiang branch, China Huarong Asset Management Co., Ltd.* (中國華融資產管理股份有限公司浙江省分公司)	13 October 2014 – 13 October 2016	RMB340 million	Development of Venice Metropolis	Fixed interest rate at 11.2% per annum	<p>(i) Land use rights over certain parcels of lands with total site area of approximately 203,000 sq.m. owned by Taixing Guangyuan;</p> <p>(ii) guarantee provided by Zhejiang Jia Yuan Group, Mr. Shum and his spouse<sup>1</sup>;</p> <p>(iii) deposit the proceeds from the sale of Suqian Park Number One into an account designated by the financier;</p> <p>(iv) certain buildings under development of Oriental Paris City owned by Taizhou Jia Yuan;</p> <p>(v) certain buildings under development of Venice Metropolis owned by Taixing Guangyuan.</p>	RMB340 million

1 The financier agreed to replace these guarantees with guarantee or security collateral to be provided by us upon Listing. The Directors confirm that these guarantees will be released upon Listing.

2. As at the Latest Practicable Date, the financier agreed to replace Haiyan Jia Yuan with other subsidiary of our Company upon Listing. The Directors confirm that the repayment liability of Haiyan Jia Yuan will be released upon Listing.

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### SUPPLIERS

#### Suppliers

For the three years ended 31 December 2014 and eight months ended 31 August 2015, our five largest suppliers, which included construction contractors, electricity works supply contractors and landscaping and greening works contractors, accounted for approximately 46.6%, 58.1%, 70.4% and 68.7% respectively, of our total purchases for the respective periods. For the three years ended 31 December 2014 and eight months ended 31 August 2015, our largest supplier accounted for approximately 27.6%, 22.0%, 31.9% and 35.4% respectively, of our total purchases for the respective periods. Save for Jiaxing City Boyuan Architecture Design Co., Ltd\* (嘉興市博源建築設計有限公司) formerly known as Zhejiang Jia Yuan Construction Design Limited\* (浙江佳源建築設計有限公司), which is a connected person, all of our five largest suppliers during the Track Record Period were Independent Third Parties. The length of our business relationship with our five largest suppliers during the Track Record Period ranged from one year to nine years.

To the best of our Directors' knowledge, none of our Directors, their respective associates of any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers other than Jiaxing City Boyuan Architecture Design Co., Ltd. during the Track Record Period.

#### Procurement

The raw materials used in our property development projects are, to a large extent, procured by our construction contractors, while specific raw materials may be procured by ourselves.

We usually stipulate the standards, specifications and, for particular items, the specific brands of raw materials that we require our construction contractors to procure for our property development projects. Our construction contractors are usually required to seek our approval before either procuring or using the relevant raw materials. Unless otherwise agreed, the construction contractor will bear the procurement costs of such raw materials provided, in respect of major construction materials, if such costs are only subject to immaterial fluctuation. Where the rate of fluctuation of the costs of such materials exceeds an agreed threshold that ranges from 5% to 10% depending on the material, we would bear the costs that exceeds the fluctuation threshold. Please refer to the section headed "Financial information — Description of selected components of consolidated statements of profit or loss and other comprehensive income — Cost of sales" in this prospectus for further details of the potential impact on our performance in the event of any significant fluctuation of our major cost of sales.

If our construction contractor has procured substandard or unapproved raw materials, we are entitled to either require such construction contractor to return such substandard raw materials before they have been used or conduct rectification work with the approved raw materials at its own expense. A construction contractor that uses substandard or unapproved raw materials is liable to compensate us for any loss suffered by us as a result thereof.

We may procure specific raw materials required for our property development projects in the PRC, such as ceramic tiles, doors, intercommunication equipment and elevators on our own initiative. Our regional project company is responsible for selecting the relevant suppliers. We usually select our suppliers based on, among other things, (i) the quality of their raw materials and/or services; (ii) punctuality of product delivery and (iii) the product price. Our Directors are of the view that the prices of the raw materials we procured during the Track Record Period were consistent with prevailing market prices, and believe that the purchase prices of the raw materials will continue to follow market prices under normal operating and marketing conditions. During the Track Record Period, all our raw material

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suppliers were Independent Third Parties. We usually enter into ad hoc supplies agreement with a supplier for the procurement of a particular item which typically sets out, among other things, the raw material required, the relevant specification, delivery date(s), product price, payment schedule, and warranty period, as applicable. Generally speaking, the relevant supplies contract would entitle us to return any defective product at the expense of the supplier. During the Track Record Period, we did not enter into any long-term supplies contract with our suppliers. During the Track Record Period, we did not experience any shortage or delay in the supply of raw materials. We believe that the raw materials purchased by us, such as ceramic tiles, doors, intercommunication equipment and elevators, are usually not subject to any material cost fluctuation.

### CUSTOMERS

For the three years ended 31 December 2014 and eight months ended 31 August 2015, our five largest customers included purchasers of our residential properties and/or commercial properties, who are individuals and corporate entities, and tenants of our commercial properties. For the three years ended 31 December 2014 and eight months ended 31 August 2015, the revenue generated by these five largest customers accounted for approximately 2.9%, 6.3%, 3.3% and 3.2% respectively, of our total revenue, and our largest customer accounted for approximately 1.0%, 2.0%, 0.8% and 0.8% respectively, of our total revenue. All of our five largest customers during the Track Record Period were Independent Third Parties.

To the best of our Directors' knowledge, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

### AWARDS AND ACCOLADES

As a testimony to our achievements and the quality of our products, we have received the following awards and accolades over the past years:

<b>Project/recipient</b>	<b>Award/recognition</b>	<b>Granting Authority</b>
<b>Corporate level awards</b>		
Taizhou Mingyuan	2011 Pioneer Enterprise of Small Town Development (2011年度小城市建設先進個體)	Party Committee of Qinhu Scenic Spot* (姜堰市溱湖風景區黨工委), Jiangyan and Management Committee of Qinhu Scenic Spot, Jiangyan* (姜堰市溱湖風景區管委會)
	2011 Pioneer Enterprise in Property and Economic Development (2011年度建築經濟、房地產開發工作先進單位)	CPC Committee of Jiangyan Town (中共姜堰市姜堰鎮委員會), Jiangyan and Peoples' Government of Jiangyan Town, Jiangyan* (姜堰市姜堰鎮人民政府)

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Project/recipient	Award/recognition	Granting Authority
<b>Project level awards</b>		
Yangzhou Park Number One (揚州公園一號)	2009 Top 10 Influential Estates in Yangzhou City (揚州市 2009年度十大影響力樓盤)	Yangzhou Autumn Housing Fair Committee* (揚州秋季房交會組委會)
Oriental Bright City (東方不夜城)	2009 Top 10 Star Real Estate Development in Jiangyan City (2009年度姜堰市「十佳」明星樓盤)	Jiangyan Development Bureau* (姜堰市建設局)
	2009 Landmark Real Estate in China (2009年度中國城市標誌性樓盤)	China Architectural Culture Center (中國建築文化中心)
	2009 China Model Real Estate for Architectural Planning and Design (2009年度中國建築規劃設計典範樓盤)	China Architectural Culture Center (中國建築文化中心)
Jiayuan New World (新天地)	2013 Most Valuable Commercial Real Estate (2013年度最具價值商業樓盤)	Taixing TV Station (泰興市電視臺)
Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場)	2013 Most Valuable Commercial Real Estate (2013年度最具價值商業樓盤)	Taixing TV Station (泰興市電視臺)
Elite International Garden (名人國際花園)	2011 Anticipated Development Property (2011年度值得期待樓盤)	Suqian Real Estate Association (宿遷市房地產協會)
Suqian Park Number One (宿遷公園一號)	2012 Innovative Premises in Jiangsu Province (2012年度江蘇省創新樓盤)	Jiangsu Real Estate Association (江蘇省房地產協會)
	2012 Top 10 Branded Premises (2012年度宿遷十大名盤)	Suqian Real Estate Net* (宿遷房產網)
Zijin Mansion (紫金華府)	2013-2014 Most Anticipated Development Property (2013-2014年度最值得期待樓盤)	Fang.com (搜房網) (formerly known as SouFun.com)



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Project/recipient	Award/recognition	Granting Authority
	2014 Top 10 Popular Premises (2014年度十大人氣樓盤)	Sohu.com (搜狐網)
	2014 Outstanding Real Estate Developer (2014年度優秀品牌 開發商獎)	House QQ.com (騰訊房產網)
	2014 Best Premises in Nanjing (2014年度南京最佳樓盤)	house.sina.com.cn (新浪樂居)
	2014 Ecological and Livable Premises (2014年度最佳 生態宜居樓盤)	House QQ.com (騰訊房產網)

### COMPETITION

The Jiangsu property market and, generally, the PRC property market is highly fragmented and competitive. We primarily compete with national, regional and local property developers which have established their presence in cities where we have operations and where we intend to expand into, and to a lesser extent, international property developers which have entered the PRC property market. We compete over a range of areas, including but not limited to brand recognition, financial resources, pricing, size and location of land reserves and design and quality of our products. Many of our competitors, which are national or international property developers may have greater financial and capital resources and a larger scale of operation than us. Further, regional or local property developers who are our competitors may enjoy a higher degree of brand recognition, extensive market knowledge of the local property market, and established business relationship than we do.

The real estate market in the southern part of Jiangsu Province is highly competitive and market players in this area include companies which are listed on the Stock Exchange. The established reputation of these developers poses a high entry barrier in the southern part of Jiangsu Province. As for the northern part of Jiangsu Province, the real estate market has been booming in recent years along with the national real estate market. Nonetheless, economic development in the northern part of Jiangsu Province still lags behind that in the south. Average property prices in the northern part of Jiangsu Province are lower than those in the south. The market capacity of the northern part of Jiangsu Province is also smaller. A relatively small market capacity is the main barrier for new property developers to enter into the real estate market in the northern part of Jiangsu Province.

Despite the above competitive landscape, we believe that the PRC property market has potential for growth. We believe that, with our property development experience, level of brand recognition, product quality, established operation system and our management's thorough understanding of the market based on their previous first-hand experience in various fields and our strength, we will be in a position to react promptly and effectively in the PRC property market. We cannot assure you that we will be able to maintain our competitiveness effectively in our industry. In this regard, please refer to the section headed "Risk factors — Risks relating to our industry — Intensified competition may materially and adversely affect our business, results of operations and financial conditions" in this prospectus for further details.

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### REAL ESTATE AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT

In the past few years, the PRC Government introduced a range of policies to control the growth and overheating of the PRC property market. Such real estate austerity measures include imposing 20% tax on sale of residential properties by individuals who have held their properties for less than five years, adjusting the down-payment rate and mortgage interest for purchase of residential properties by individuals who concurrently own other residential properties. For additional information on real estate austerity measures and other recent regulatory developments, please refer to the section headed “Regulatory overview” in this prospectus.

We believe that the austerity measures will result in lower demand for properties, which in turn leads to lower transaction volume and property prices. Our Directors believe that while the austerity measures may affect the demand for properties from speculative buyers or property investors, these measures may have a smaller impact on our target customers who are either first-time home buyers or wish to upgrade their current living environment. Notwithstanding the austerity measures implemented by the PRC Government in recent years, we remained profitable during the Track Record Period.

We cannot assure you that we will maintain our profitability and growth or that our business will not be affected by further measures or policies introduced by the PRC Government in cities where we have operations or where we intend to expand. Please refer to the section headed “Risk factors — Risks relating to our industry — We are subject to extensive governmental regulations and frequent introduction of new regulations, and we may be affected by further measures promulgated by the PRC Government which aim to control the growth of the property sector” in this prospectus.

### RISK MANAGEMENT

We believe that risk management is crucial to the success of any property developer in the PRC. Some of the risks we face include changes in the political and economic conditions of the PRC, changes in regulations and policies implemented by the PRC Government with respect to the PRC property market, uncertainty over availability of financing and suitable land sites for future development. Please refer to the section headed “Risk factors” for further details on risks and uncertainties faced by our Group. For financial risks faced by our Group, please refer to the section headed “Financial information — Market risks” in this prospectus.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- our Board is responsible for determining business and investment plans, preparing budgets and financial reports and is in charge of the overall risk control of our Group. Our Board conducts a thorough examination of any material risks associated with any business decision before making or approving a certain business decision. Please refer to the section headed “Directors and senior management” in this prospectus for details of the qualifications of our Board members.
- our senior management team is responsible for monitoring daily operations and any associated operational risks of our Group. The team is also responsible for analysing and approving business decisions relating to our development projects and other aspects of our daily operations. In particular, project companies are arranged in such a way that each project company has a clear reporting line to facilitate efficient communication between the headquarters and our project companies.

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- our internal control department is responsible for ensuring our regulatory and contractual compliance. Our internal control department is responsible for formulating policies or proposing arrangements and changes within our Group to ensure compliance with the relevant regulations or contractual obligations. The internal control department is responsible for also keeping tracks of and maintains compliance records of our Group.
- our city and site selection decisions are made by our headquarters. Our headquarters is tasked with setting annual development plan and the assessment of regions and cities in the PRC for potential development, and determination of site selection decision. Our project manager will report to headquarters on the results of any feasibility studies conducted us.
- we have adopted various internal policies and procedures for various aspects of our operations. We provide trainings to our employees in order to enhance their knowledge of our corporate culture, with a view to manage our operational and market risks.

### INTELLECTUAL PROPERTY RIGHTS

On 27 July 2015, our Company entered into a trademark license agreement (“Trademark License Agreement”) with Jin Jiang Limited and Zhejiang Jia Yuan Group (collectively, the “Licensors”), pursuant to which the Licensors agreed to grant us a non-exclusive license to use, and to sub-license to our subsidiaries the rights to use all of the trademarks (the “Licensed Trademarks”) set forth in the section headed “Statutory and general information — 9. Intellectual property rights of our Group” in Appendix VI to this prospectus, on or in connection with the real estate business and any other agreed business segment (the “Licensed Business”) in the PRC, Hong Kong and Macau, without royalty or cost. The Trademark License Agreement is for a term of 10 years commencing on 27 July 2015. Details of the Trademark License Agreement can be found in the section headed “Continuing connected transactions” in this prospectus. We cannot assure you that our brand will be adequately protected from negative publicity or that our business would not be adversely affected should such negative publicity arise. Please refer to the section headed “Risk factors — Risks relating to our business — Any adverse publicity or other adverse development that may affect our reputation, brand image or the “Jia Yuan” or “佳源” brand generally and any failure in renewing the non-exclusive licence to use such brand may result in a material adverse effect on our business, results of operations and financial condition” in this prospectus for further details. We are also the registered owner of two domain names. For further details of our intellectual property rights, please refer to the section headed “Statutory and general information — 9. Intellectual property rights of our Group” in Appendix VI to this prospectus.

As at the Latest Practicable Date, we were not aware of any pending claims by any third party against us for the use of our intellectual property rights. As of the Latest Practicable Date, we were not aware of any infringement by us of intellectual property rights owned by third parties or infringement by third parties of our intellectual property rights.

### INSURANCE

There are no national mandatory provisions under the relevant PRC laws and regulations requiring property developers to maintain insurance coverage with respect to their operations. The major types of insurance that we maintain include medical insurance and employer liability insurance for our Hong Kong employees. As of the Latest Practicable Date, we had not experienced any significant loss or damage to our properties.

For our property development business, we typically require the construction contractors of our property development projects to purchase construction in progress insurance for our projects under development.

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We believe we maintain adequate insurance coverage for our operations and that the scope of the coverage is in line with industry norms. However, there are certain risks for which we are not insured, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. Please refer to the section headed “Risk factors — We may not have adequate insurance coverage to cover our potential liability or losses” in this prospectus for further details.

### EMPLOYEES

As of 31 August 2015, we employed a total of 363 full-time employees. Most of our employees are located in the PRC. The table below sets out details of the number of our employees as of 31 August 2015:

<b>Job nature</b>	<b>Number of Employees</b>
Senior management	6
Sales and marketing	179
Administration and human resources	55
Finance and accounting	45
Engineering and cost control	3
Project research and development	72
Internal control	3
Total	<u><u>363</u></u>

We believe that our workforce is one of the most important assets of our Group and we rely on our employees in striving for future success. In order to equip our employees with a view to enhance their work performance, we provide vocational training to our employees. During the Track Record Period, we did not experience any material turnover of staff or disruption to our business operations due to labour disputes. We believe that our management have and will continue to maintain good relations with our employees.

### OCCUPATIONAL HEALTH AND WORK SAFETY

As required by applicable PRC laws and regulations, we participate in various employee benefit plans, including pension insurance, medical insurance and personal injury insurance.

We are subject to laws and regulations in relation to workplace safety in the PRC. We have developed a safety management system to implement our safety policies and procedures. Our administrative and human resources department at the headquarters level is responsible for overseeing the safety of our employees during the overall project development process.

With respect to construction site safety, our construction contractors are responsible for the safety of their workers on the construction sites and are required to maintain accident insurance for their workers. We generally do not carry insurance against personal injuries that may occur on-site but require our construction contractors to purchase accident insurance to cover their workers’ medical and other related expenses. We also engage independent third party construction supervision companies to monitor safety measures throughout the construction process and to submit report of the inspection results to us regularly.

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During the Track Record Period and up to the Latest Practicable Date, we complied with the applicable PRC work safety regulations in all material aspects and there was no claim for any personal or property damages by our employees.

### 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), the PRC Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), 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) and the Regulations Governing Environmental Protection of Construction Projects (建設項目環境保護管理條例). Please refer to the section headed “Regulatory overview” in this prospectus for further details in this regard. Pursuant to the laws and regulations, we have engaged independent environmental consultants to assess the environmental impact of our construction projects. We are required to submit the assessment report to the relevant governmental authority for approval of the project.

Under our typical construction contracts, we require our contractors to comply with relevant environmental laws and regulations.

Upon completion of construction works, we are required to apply for an examination with respect to environmental matters from the relevant governmental authorities. Only property development projects which have passed such examination can be delivered to our customers. All of our completed properties have passed inspections by the environmental protection authorities, and we have obtained the relevant environmental assessment approvals with respect to our properties under development.

During the Track Record Period, we incurred environmental compliance costs in the amount of approximately RMB7.8 million, RMB11.3 million, RMB2.0 million and RMB1.9 million respectively for the three years ended 31 December 2014 and eight months ended 31 August 2015. Our Directors expect that we will continue to incur compliance costs at a similar rate.

During the Track Record Period and up to the Latest Practicable Date, no material fines or penalties for non-compliance with PRC environmental laws and regulations were imposed on us. As at the Latest Practicable Date, we had not encountered any material issues in passing examinations conducted by the relevant environmental authorities upon completion of our properties. We are in compliance in all material respects with applicable environmental laws and regulations in PRC, and we have obtained all required approvals in relation to the environmental impact reports for our property development projects.

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### REAL PROPERTIES FOR SELF-OCCUPATION

Our Hong Kong office is a self-owned property. In addition, we also maintain offices at the project site of each of our property development projects. Such offices are either self-owned or leased properties. We do not anticipate any difficulty in renewing these leases or leasing replacement premises. The information about our offices which are located outside our project sites is summarised below:

<b>Property</b>	<b>Occupancy status</b>	<b>Lease term (if applicable)</b>	<b>Current usage</b>
Suite 1403 on 14th floor, No. 9 Queen's Road Central, Hong Kong	Self-owned	N/A	Office
Room 509, 185 Zhujiang Road, Xuanwu District, Nanjing, PRC* (南京市玄武區珠江路185號509室)	Leased	5 years	Office
15/F Zhongchuang Building, Times Square, Xinbei District, Changzhou, PRC* (常州市新北區時代商務廣場中創大廈15樓) (the "Changzhou Property")	Leased	1 year	Office

We, as the tenant, entered into a tenancy agreement with the landlord, Changzhou Tian Yu, a company owned as to 30% by Mr. Huang Fuqing, an executive Director, for renting the Changzhou Property. As Changzhou Tian Yu is a connected person, the lease transaction constitutes a continuing connected transaction. Please refer to the section headed "Continuing connected transactions — Fully exempt continuing connected transactions — Tenancy agreement" in this prospectus for further details.

For further information, please refer to the property valuation report in Appendix IV to this prospectus.

### NON-COMPLIANCE

Save for incidents of non-compliance as set forth below, our Directors are not aware of any historical and material non-compliance of our Group during the Track Record Period and as at the Latest Practicable Date. Our Directors are of the view that such non-compliance incidents have not had and will not have a material adverse effect on our business, results of operations and financial conditions.



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During the Track Record Period, our Group failed to comply with certain PRC regulations, a summary of which is set out below:

No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
1.	<b>Commencement of construction works prior to obtaining construction works commencement permit</b>			
(a)	In May 2013, we commenced development of nine buildings of Suqian Park Number One prior to obtaining the relevant construction works commencement permits.	<p>(i) The relevant construction contractor commenced the relevant construction works without our approval in order to expedite the construction process.</p> <p>(ii) The relevant manager of Suqian Jia Yuan failed to monitor the actions of the relevant construction contractor and detect unapproved commencement of construction works.</p>	<p>In July 2013, we were imposed a penalty of RMB200,461 and ordered to rectify the non-compliance.</p> <p>We fully settled the penalty and received a written confirmation dated 13 July 2015 (“Suqian Housing Bureau Confirmation”) issued by the Housing and Urban-rural Development Bureau of Suqian (宿遷市住房和城鄉建設局) (“Suqian Housing Bureau”) confirming that (i) the penalty had been settled in full; and (ii) no other claims would be made against Suqian Jia Yuan in respect of the default.</p> <p>As advised by our PRC Legal Adviser, (i) Suqian Housing Bureau is the competent authority for issuing the Suqian Housing Bureau Confirmation; and (ii) based on the Suqian Housing Bureau Confirmation, the risk that we will be subject to further administrative penalty by Suqian Housing Bureau for this non-compliance is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>We settled the penalty in full and received the relevant construction works commencement permits.</p> <p>We will designate staff members to regularly inspect our construction sites to prevent commencement of construction works before obtaining all necessary permits.</p> <p>The relevant manager of Suqian Jia Yuan resigned from our Group following the non-compliance incident.</p> <p>It is already stipulated in our construction agreements that a construction contractor shall seek our prior approval before commencing any construction works.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
(b)	In May 2014, we commenced construction of 10 buildings, one set of townhouses, sewage system of underground facilities and road works of Suqian Park Number One prior to obtaining the relevant construction works commencement permits.	<p>(i) The relevant construction contractor commenced the relevant construction works without obtaining our approval with a view to expedite the construction process.</p> <p>(ii) The relevant manager of Suqian Jia Yuan failed to monitor the actions of the relevant construction contractor and detect unapproved commencement of construction works.</p>	<p>In March 2015, we were imposed a penalty of RMB47,388.</p> <p>We fully settled the penalty and received a written confirmation dated 13 July 2015 (“Suqian Housing Bureau Confirmation”) issued by the Housing and Urban-rural Development Bureau of Suqian (宿遷市住房和城鄉建設局) (“Suqian Housing Bureau”) confirming that the penalty had been settled in full. We subsequently received the relevant construction works commencement permits.</p> <p>As advised by our PRC Legal Adviser, (i) Suqian Housing Bureau is the competent authority for issuing the Suqian Housing Bureau Confirmation; and (ii) based on the Suqian Housing Bureau Confirmation and by of the fact that Suqian Jia Yuan subsequently received the construction works commencement permits, the risk that we will be subject to further administrative penalty by Suqian Housing Bureau for this non-compliance is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>We settled the penalty in full and have received the relevant construction works commencement permits.</p> <p>We will designate staff members to regularly inspect our construction sites to prevent commencement of construction works before obtaining all necessary permits.</p> <p>The relevant manager of Suqian Jia Yuan resigned from our Group following the non-compliance incident.</p> <p>It is already stipulated in our construction agreements that a construction contractor shall seek our prior approval before commencing any construction works.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
<b>2. Tax non-compliance</b>				
(a)	<p>In the period between 2009 and 2011, Suqian Jia Yuan failed to pay the following taxes in the aggregate amount of approximately RMB133,028.2, comprising:</p> <p>(i) stamp duty in the aggregate amount of approximately RMB3,174.8 for the three years ended 31 December 2011;</p> <p>(ii) property tax in the aggregate amount of approximately RMB38,273.1 for the two years ended 31 December 2011;</p> <p>(iii) enterprise income tax in the aggregate amount of approximately RMB45,025.3 for the two years ended 31 December 2011;</p> <p>(iv) individual withholding income tax in the aggregate amount of approximately RMB46,555.0 for the three years ended 31 December 2011.</p> <p>The aggregate amount of taxes in default as mentioned above was approximately RMB1,164.9, RMB71,383.5, and RMB60,479.72 for each financial year ended 31 December 2009, 2010 and 2011.</p>	<p>Due to the lack of understanding of the relevant tax laws and regulations, the relevant manager of Suqian Jia Yuan (“Manager”):</p> <p>(i) failed to submit tax filings for property tax; and</p> <p>(ii) misinterpreted the provisions for calculating the tax base under the relevant tax laws and regulations which resulted in (a) omission in filing certain taxable items; and (b) claiming deduction over certain costs and expenses which are not eligible for tax deduction.</p> <p>Specific circumstances of tax non-compliance incidents:</p> <p>Stamp duty: The Manager miscalculated the amount of stamp duty payable.</p> <p>Property tax: It was mainly due to the Manager’s failure to submit tax filings for property tax.</p> <p>Enterprise income tax: It was mainly due to the Manager claiming deduction over certain costs and expenses which were not eligible for tax deduction and miscalculating taxable income.</p> <p>Individual withholding income tax: It was mainly due to the Manager’s miscalculation of the amount of individual income tax that should have been withheld and omission in filing certain taxable non-pecuniary income items.</p>	<p>In November 2012, we were imposed a penalty of approximately RMB66,514.1 (“2012 Order”).</p> <p>We fully settled the penalty and the default tax amount and received a written confirmation dated 10 July 2015 (“Suqian Taxation Bureau Confirmation”) issued by Jiangsu Suqian Local Taxation Bureau (江蘇省宿遷地方稅務局) (“Suqian Taxation Bureau”) confirming that (i) Suqian Jia Yuan’s default in tax payment was not an act of bad faith; (ii) Suqian Jia Yuan settled the default tax amount and the relevant penalty in full upon receipt of the 2012 Order issued by Suqian Taxation Bureau; (iii) no other penalty or claim would be imposed or made against Suqian Jia Yuan in respect of the default in tax payment; and (iv) save for the defaults disclosed herein, Suqian Jia Yuan did not breach any applicable tax laws.</p> <p>As advised by our PRC Legal Adviser, (i) Suqian Taxation Bureau is the competent authority for issuing the Suqian Taxation Bureau Confirmation; and (ii) based on the Suqian Taxation Bureau Confirmation, the risk that we will be subject to further administrative penalty by Suqian Taxation Bureau for this non-compliance is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>In respect of this tax non-compliance, we paid all default tax and penalty in full.</p> <p>During the Track Record Period and up to the Latest Practicable Date, save for the 2012 Order, we had not received or otherwise been subject to any charge, order, or penalty and no action had been taken by any government authorities in respect of this non-compliance.</p> <p>The relevant manager of Suqian Jia Yuan resigned from our Group following the non-compliance incident.</p> <p>We have engaged an independent tax consultant, Deloitte Touche Tohmatsu, to (i) conduct enhancement review and advise on our tax filing system; (ii) review our tax return before filing the same with tax authorities; and (iii) provide training to the managers and staff of our accounting and finance departments of our Group in respect of applicable tax laws and regulations.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
(b)	<p>For the year ended 31 December 2012, Suqian Jia Yuan failed to pay the following taxes in the aggregate amount of approximately RMB10,338,797.6, comprising:</p> <p>(i) stamp duty in the aggregate amount of approximately RMB35,956.4;</p> <p>(ii) property tax in the aggregate amount of approximately RMB180,297.1;</p> <p>(iii) enterprise income tax in the aggregate amount of approximately RMB10,100,448.9;</p> <p>(iv) individual withholding income tax in the aggregate amount of approximately RMB15,534.2;</p> <p>(v) business tax in the aggregate amount of approximately RMB1,692.5;</p> <p>(vi) city maintenance and construction tax in the aggregate amount of approximately RMB118.5;</p> <p>(vii) land appreciation tax in the aggregate amount of approximately RMB4,750.</p>	<p>Due to the lack of understanding of tax laws and regulations, the relevant manager of Suqian Jia Yuan misinterpreted the provisions for calculating the tax base under the relevant tax laws and regulations which resulted in (a) omission in filing certain taxable items; and (b) claiming deduction over certain costs and expenses which are not eligible for tax deduction.</p> <p>Specific circumstances of tax non-compliance incidents:</p> <p>Stamp duty: It was mainly due to the Manager's miscalculation of the amount of stamp duty payable in relation to certain construction contracts and other documents which were stampable.</p> <p>Property tax: It was mainly due to the Manager's miscalculation of the amount of property tax payable and adjustment of taxable property value after adjudication.</p> <p>Enterprise income tax non-compliance was mainly due to:</p> <p>(a) Misinterpretation of tax laws:</p> <p>(i) The Manager did not apportion costs and expenses according to the proportion of GFA sold of Elite International Garden as at 31 December 2012. As a result, the Manager mistakenly claimed deduction over a portion of costs and expenses that were not eligible for tax deduction.</p>	<p>In November 2014, we were imposed a penalty of approximately RMB5,167,423.8 ("2014 Order").</p> <p>We fully settled the penalty and the default tax amount and received written confirmation dated 10 July 2015 ("Suqian Taxation Bureau Confirmation") issued by Jiangsu Suqian Local Taxation Bureau (江蘇省宿遷地方稅務局) ("Suqian Taxation Bureau") confirming that (i) Suqian Jia Yuan's default in tax payment was not an act of bad faith; (ii) Suqian Jia Yuan settled the default tax amount and the relevant penalty in full upon receipt of the 2014 Order issued by Suqian Taxation Bureau; (iii) no other penalty or claim would be imposed or made against Suqian Jia Yuan in respect of the default in tax payment; and (iv) save for the defaults disclosed herein, Suqian Jia Yuan did not breach any applicable tax laws.</p> <p>As advised by our PRC Legal Adviser, (i) Suqian Taxation Bureau is the competent authority for issuing the Suqian Taxation Bureau Confirmation; and (ii) based on the Suqian Taxation Bureau Confirmation, the risk that we will be subject to further administrative penalty by Suqian Taxation Bureau for this non-compliance is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>In respect of this tax non-compliance, we paid all default tax and penalty in full.</p> <p>During the Track Record Period and up to the Latest Practicable Date, save for the 2014 Order, we had not received or otherwise been subject to any charge, order, or penalty and no action had been taken by any government authorities in respect of this non-compliance.</p> <p>The relevant manager of Suqian Jia Yuan resigned from our Group following the non-compliance incident.</p> <p>We have engaged an independent tax consultant, Deloitte Touche Tohmatsu to (i) conduct enhancement review and advise on our tax filing system; (ii) review our tax return before filing the same with tax authorities; and (iii) provide training to the managers and staff of our accounting and finance departments of our Group in respect of applicable tax laws and regulations.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed "Business — Internal control" in this prospectus for further details.</p>

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
		<ul style="list-style-type: none"><li>(ii) The Manager mistakenly claimed deduction over certain development costs which were not eligible for tax deduction.</li></ul> <p>(b) Miscalculation:</p> <ul style="list-style-type: none"><li>(i) The Manager double counted certain costs and expenses and mistakenly claimed deduction over the said costs and expenses twice.</li><li>(ii) The Manager miscalculated certain development and installation costs and claimed excessive deduction over the said costs and expenses.</li></ul> <p>Individual withholding income tax: It was mainly due to the Manager's miscalculation of the amount of individual income tax that should have been withheld.</p> <p>Business tax: The Manager omitted in filing certain administrative service fees and rental income which were taxable and miscalculated the amount of business tax payable.</p> <p>City maintenance and construction tax: The Manager miscalculated the amount of city maintenance and construction tax payable</p> <p>Land appreciation tax: The Manager miscalculated the amount of land appreciation tax payable.</p>		

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
<b>3.</b>	<b>Deviation from construction works planning permit</b>			
(a)	In June 2011, Suqian Jia Yuan completed the development of an underground car park with a total GFA which was smaller than that required under the relevant construction works planning certificate for our Elite International Garden.	The construction of underground car parks as approved under the construction works planning permit was obstructed by the discovery of underground electricity supply facilities. The relevant project manager informally reported to the relevant government authorities that less car park would be developed due to the discovery of the underground electricity supply facilities. Due to miscommunication, we proceeded to developing less car parks without having obtained formal approval from the relevant government authorities.	<p>In June 2013, we were imposed a penalty of RMB1,500,000 and ordered to rectify the default within a stipulated period.</p> <p>We fully settled the penalty and rectified the default and received a written confirmation dated 20 July 2015 (“Suqian Urban Enforcement Bureau Confirmation”) issued by City Urban Administrative and Law Enforcement Bureau of Suqian (宿遷市城市管理行政執法局) (“Suqian Urban Enforcement Bureau”) confirming that (i) Suqian Jia Yuan had rectified the default and settled the relevant penalty in full; and (ii) no other claim would be made against Suqian Jia Yuan in respect of the default.</p> <p>As advised by our PRC Legal Adviser, (i) Suqian Urban Enforcement Bureau is the competent authority for issuing the Suqian Urban Enforcement Bureau Confirmation, and (ii) based on the Suqian Urban Enforcement Bureau Confirmation, the risk that we will be subject to further administrative penalty by Suqian Taxation Bureau for this non-compliance is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>In respect of this non-compliance, we rectified the default and paid the penalty in full.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>



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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
(b)	<p>In March 2014, Taixing Guangyuan completed the development of 21 residential buildings for Venice Metropolis with a total GFA of approximately 8,408.4 sq.m. which exceeded the total GFA allowed under construction works planning permit by approximately 338.4 sq.m.</p>	<p>Taixing Guangyuan adjusted the approved construction drawings but the relevant project manager failed to resubmit such revised construction drawings to the relevant government authorities for endorsement.</p>	<p>In November 2014, we were imposed a penalty of RMB24,062.</p> <p>We fully settled the penalty and received a written confirmation dated 21 July 2015 (“Taixing Urban Enforcement Bureau Confirmation”) issued by City Urban Administrative and Law Enforcement Bureau of Taixing (泰興市城市管理行政執法局) (“Taixing Urban Enforcement Bureau”) confirming that (i) Taixing Guangyuan had settled the relevant penalty in full; (ii) Taixing Guangyuan was not required to rectify the default and the completion inspection process will not be affected by the above penalty; and (iii) no other claim would be made against Taixing Guangyuan in respect of the default.</p> <p>As advised by our PRC Legal Adviser, (i) Taixing Urban Enforcement Bureau is the competent authority for issuing the Taixing Urban Enforcement Bureau Confirmation; and (ii) based on the Taixing Urban Enforcement Bureau Confirmation, the risk that we will be subject to further administrative penalty by Taixing Urban Enforcement Bureau for this non-compliance is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>In respect of this non-compliance, we paid the penalty in full.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>

## BUSINESS

No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
4.	<b>Failure to make adequate social security insurance and housing provident fund contributions</b>			
	<p>Our PRC subsidiaries, namely Changzhou Jinyuan and Nanjing Xinhaoning, did not fully make certain social security insurance and housing provident fund contributions for their employees. We estimated that the total outstanding amount social security insurance and housing provident fund contributions for the year ended 31 December 2014 and the eight months ended 31 August 2015 was approximately RMB758,414.</p>	<p>This was primarily due to the inconsistent implementation or interpretation of the PRC laws and regulations by local authorities and lack of understanding by the administrative managers of these companies of the relevant PRC laws and regulations.</p>	<p>According to the relevant PRC laws and regulations, we may be ordered to pay the social security insurance and housing provident fund contributions in arrears and be subject to an overdue penalty on delinquent payment of social security insurance contributions calculated at a daily rate of 0.2% before 1 July 2011 and at 0.05% from 1 July 2011 onwards.</p> <p>Changzhou Jinyuan and Nanjing Xinhaoning received written confirmations from the relevant government authorities (the “Relevant Authorities”) that they did not have any records of outstanding payments of social security insurance or penalties imposed by relevant government authorities in relation to social security insurance or housing provident fund contributions during the Track Record Period.</p> <p>As advised by our PRC Legal Adviser (i) the Relevant Authorities are competent authorities to issue the above confirmations; and (ii) based on such confirmations the risk that Changzhou Jinyuan and Nanjing Xinhaoning will be required to pay any penalties by the Relevant Authorities is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>We made provisions of the arrear amount of RMB758,414 in relation to these subsidiaries. Our Directors consider that such provision is adequate to cover the potential payment for such non-compliance.</p>	<p>On 26 August 2015, we established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p> <p>On 30 November 2015, Changzhou Jinyuan and Nanjing Xinhaoning irrevocably undertook to</p> <ul style="list-style-type: none"> <li>(i) confirm with the relevant government authorities the basis for calculating social security insurance and housing provident fund contributions for our existing employees;</li> <li>(ii) procure the adjustment and settlement of social security insurance and housing provident fund contributions accordingly before Listing; and</li> <li>(iii) make social security insurance and housing provident fund contributions according to the actual salary of new employees from the date thereof.</li> </ul> <p>We have rectified this non-compliance and will continue to do so by making social security insurance and housing provident fund contributions according to the actual salary of our employees in accordance with the applicable PRC laws and regulations since January 2016.</p>

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
<b>5.</b>	<b>Inter-company loans</b>			
(a)	<p>During the Track Record Period, we made interest-free advances to and received from our related parties which are corporate entities.</p> <p>As at 31 December 2012, 2013, 2014 and 31 August 2015, the outstanding balance due from these related parties which is of a non-trade nature, and excluding outstanding consideration payable by certain related parties pursuant to the Reorganisation, amounted to approximately RMB1,066.4 million, RMB364.9 million, RMB364.9 million and RMB928.5 million respectively (the “Relevant Advances”).</p> <p>As at 31 December 2012, 2013, 2014 and 31 August 2015, the outstanding balance due to these related parties which is of a non-trade nature amounted to approximately nil, RMB1,274.1 million, RMB574.9 million and RMB234.0 million respectively.</p>	<p>This was primarily due to lack of understanding of the relevant manager of the relevant PRC subsidiaries in respect of the restrictions on inter-company loans under the General Provisions of Loans (貸款通則).</p>	<p>Pursuant to the 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.</p> <p>Given that all of our advances to such related parties are interest-free, no income was accrued or received by us in respect of such advances.</p> <p>As advised by our PRC Legal Advisor, given that no illegal income was generated or received by us, the risk that we will be imposed with any penalty, including interest or any other penalty, by the relevant government authorities is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>As at the Latest Practicable Date, the outstanding balance of the Relevant Advances due from such related parties was repaid in full.</p> <p>We plan to settle all other outstanding balances due from and due to these related parties prior to Listing.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>

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## BUSINESS

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
(b)	Our PRC subsidiary, namely, Changzhou Jinyuan received a loan in the principal amount of RMB12 million during the Track Record Period.	This was primarily due to lack of understanding of the finance manager of Changzhou Jinyuan in respect of the restrictions on inter-company loans under the General Provisions of Loans (貸款通則).	<p>Pursuant to the 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.</p> <p>Given that we are the borrower under the relevant loan, no income was accrued or received by us in respect of such loan.</p> <p>As advised by our PRC Legal Advisor, given that no illegal income was generated or received by us, the risk that we will be imposed with any penalty, including interest or any other penalty by the relevant government authorities is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>As at the Latest Practicable Date, we had repaid the full amount of this loan.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>

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## BUSINESS

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No.	Incident of non-compliance	Reasons of non-compliance and position of person involved	Legal consequences, potential maximum penalty, and other financial impact	Rectification actions taken and current status
(c)	Our PRC subsidiary, namely, Nanjing Xinhaoning received a loan in the principal amount of RMB50 million during the Track Record Period.	This was primarily due to lack of understanding of the finance manager of Nanjing Xinhaoning in respect of the restrictions on inter-company loans under the General Provisions of Loans (貸款通則).	<p>Pursuant to the 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.</p> <p>Given that we are the borrower under the relevant loan, no income was accrued or received by us in respect of such loan.</p> <p>As advised by our PRC Legal Advisor, given that no illegal income was generated or received by us, the risk that we will be imposed with any penalty, including interest or any other penalty by the relevant government authorities is remote.</p> <p>Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us.</p> <p>Accordingly, no provision was made in our financial statements.</p>	<p>As at the Latest Practicable Date, we had repaid the full amount of this loan.</p> <p>We have established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the section headed “Business — Internal control” in this prospectus for further details.</p>

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## BUSINESS

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### INTERNAL CONTROL

#### *Internal control*

In order to ensure future compliance with applicable laws and regulations, as well as any related policies in different operational aspects, we have adopted the follow remedial actions:

- we have established a series of corporate policies on compliance matters, which have been reviewed and approved by our management and the Board;
- we have engaged Mr. Wan Siu Keung (溫兆強), a member of Hong Kong Institute of Certified Public Accountants, who possesses over eight years of experience in auditing, as our Company Secretary to oversee our corporate administration, financial management and compliance matters;
- we have enhanced our internal control system. The enhanced internal control measures were implemented on 17 July 2015, 26 August 2015, and 19 October 2015 respectively;
- we have established an internal control department, comprising five staff members as at 31 December 2015, and co-headed by Mr. Ye Fujun (葉福軍) (“Mr. Ye”), Ms. Zhu Biyun (朱碧雲) (“Ms. Zhu”) and Mr. Xu Ke (許可) (“Mr. Xu”). Mr. Ye graduated from Zhejiang School of Commerce\* (浙江商業學校) and has nine years of experience in financial and internal control or audit. Mr. Ye is primarily responsible for implementing the enhanced internal control system in relation to financial and tax matters. Ms. Zhu graduated from the Nanjing Audit University (南京審計大學) with a bachelor of laws degree. She is a qualified lawyer in the PRC, and has two years of experience in in-house legal practice. Ms. Zhu is primarily responsible for implementing the enhanced internal control system in relation to legal matters. Mr. Xu graduated from the Southeast University (東南大學) with a bachelor of engineering degree. He is a qualified engineer, and has eight years of experience in the construction industry. Mr. Xu is primarily responsible for implementing the enhanced internal control system in relation to construction matters and project management. The internal control department is responsible for overseeing legal and compliance issues, internal audit as well as compiling and reviewing compliance manuals;
- we will establish an audit committee comprising three independent non-executive Directors. The terms of reference to be adopted by the audit committee set out its duties and obligations to ensure the Group’s compliance with applicable laws and regulations. In this regard, the audit committee will be authorised under its terms of reference to review any arrangements which may cause potential irregularities in financial reporting, internal control or other matters;
- we will engage a qualified PRC legal adviser to provide annual training seminar to our Directors, senior management, staff members on the latest development of PRC laws and regulations applicable to our operations in order to (i) equip our staff members with legal knowledge relevant to their respective line of duties; (ii) enhance the compliant culture of our Group; (iii) raise their awareness to the potential legal consequences for non-compliance; and (iv) enhance their risk management skills;
- our Directors attended a training seminar organised by our Hong Kong legal adviser on duties of directors of listed companies on 6 July 2015 in Hong Kong, during which our Directors were reminded to seek professional advice whenever necessary to ensure compliance with the relevant rules and regulations, and we plan to provide similar training to our Directors on an annual basis;



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- we have appointed Messis Capital Limited as our Company's compliance adviser 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 applicable laws.

### *Internal control to prevent future non-compliance*

In order to avoid incidents of non-compliance in the future and also to strengthen our internal control, we implemented certain enhanced internal control policies and measures in October 2015 which include the following:

#### **Matters of non-compliance**

Commencement of construction works prior to obtaining construction works commencement permit

#### **Internal control measures**

Our internal policy and guidelines have been revised to require our project companies to prepare and update a standard form checklist which keeps track of all the necessary permits which we require for our operations. All project companies must seek prior written approval from the engineering and cost control department at our headquarters level before giving any instructions to a construction contractor to commence construction works. Our engineering and cost control department at headquarters level comprised three staff members as at 31 August 2015. A project company's application for construction works commencement approval must be accompanied with a completed permit checklist and copies of all permits referred to in the checklist. A designated officer of our engineering and cost control department will ensure that the application pack shall contain the relevant construction works planning permit and construction works commencement permit.

In order to keep track of and maintain the validity of all applicable permits, the engineering and cost control department of our headquarters shall be charged with the responsibility to regularly and randomly review the existence and validity of the applicable permits. Where a permit sets out a validity period, the project company shall report to the headquarters in advance of the status of the renewal process on a weekly basis one month prior to the expiry date.

It is already stipulated in our construction agreements that the construction contractor shall seek our prior approval before commencing any construction works. In order to avoid any unapproved commencement of construction works, we will designate staff members to inspect our construction site on a weekly basis to prevent commencement of construction work before obtaining all necessary permits.

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### **Matters of non-compliance**

### **Internal control measures**

#### Tax non-compliance

Our internal policy and guidelines have been revised to include tax filing and payment guidelines. Under such guidelines, staff members of a project company's accounting and finance department with sufficient experience in tax filings will be responsible for calculating tax base and preparing tax returns. Such tax returns must be reviewed by the accounting and finance manager, and subsequently by our headquarters' accounting and finance department.

In order to equip our staff with the latest development of the tax practice in our sphere of operation, we will organise regular trainings to staff members of our accounting and finance department at the level of both headquarters and project companies who are responsible for tax filings and tax payments.

We have also engaged an independent tax adviser, Deloitte Touche Tohmatsu to (i) conduct an enhancement review and advice on our tax filing system; (ii) provide review on our tax return before filing the same with tax authorities; and (iii) provide training to our finance managers and staff of our accounting and finance departments of our Group in respect of applicable tax laws and regulations.

#### Deviation from construction works planning permit

Our internal policy and guidelines have been revised to ensure that the construction works provided by the relevant construction contractor comply with those required under the construction works planning permit. In this regard, our internal policy and guidelines require each quality control staff of our engineering and cost control department and certified construction supervision companies engaged by us to monitor construction progress on a daily basis.

The relevant quality control team is required to provide guidance and rectification instructions on any default identified in the inspection and record such default in the inspection log book for follow-up inspection.

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### **Matters of non-compliance**

Failure to make adequate social security insurance and housing fund contributions

### **Internal control measures**

Our internal policy and guidelines have been revised to include (i) guidelines on calculation of social security insurance and housing provident fund contribution matters; (ii) the designation of experienced human resources staff at subsidiary level to process matters relating to social security insurance and housing provident fund contribution matters including all filing of documents, payment of contributions and updating the relevant government policies and regulations to our internal guidelines; and (iii) our accounting and finance department will review calculation of the relevant contributions, and keep proper records of any contributions paid.

We have made it a standard provision in the employment contracts of Changzhou Jinyuan and Nanjing Xinhaoning that requires mandatory participation by employees in social security insurance and housing provident fund contributions.

Inter-company loans

Our internal policy and guidelines have been revised to prohibit the direct or indirect provision to or receipt from corporate entities that are non-financial institutions, irrespective of whether such entity is a related party or an independent third party, any loans or advances. In this regard, all applications for making or receiving an advance or loan must originate from the accounting and finance department of a project company to the general manager of that project company for review and approval. A general manager of a project company shall submit the application to the finance manager and general manager of our headquarters for further review and approval. We have designated staff members in the accounting and finance department at our headquarters to review applications to provide or receive advances or loans made by a project company to ensure that (i) no advances or loans will be made by our Group to any corporate entities; and (ii) we will only receive permissible advances or loans from authorised financial entities or where advances or loans are made available by a non-financial institution, such advances or loans will be provided in the form of an entrusted loan, which is permitted under PRC laws. In order to ensure compliance with this policy, our internal control department at headquarters level will include compliance with this policy as part of the annual internal control review and audit of our Group.

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### *Internal control consultant's review*

We engaged an independent internal control consultant (“Internal Control Consultant”), which is a reputable accounting firm with international practice, to review the effectiveness of the internal control measures relating to our business operations with a view to identifying irregularities and furnishing internal control recommendations on remedial actions in order to enhance our internal control system generally. The review process took place from 9 March 2015 to 20 March 2015, and a follow-up review on the implementation status of these remedial actions took place from 8 June 2015 to 11 June 2015. Our remedial actions set out above are consistent with the key findings of the Internal Control Consultant’s review process. Based on the findings, recommendations and test results of the review process performed by the Internal Control Expert, it is considered that our enhanced internal policies and measures/remedial actions are sufficient and effective.

Based on the implementation of the enhanced internal policies and measures/remedial actions, the Group’s business nature and operation scale, our Directors are satisfied that our Group’s internal control system is sufficient and effective for its operation; and that the non-compliance incidents do not have any material impact on our Directors’ suitability to act as 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.

The Sole Sponsor concurred with the Directors’ view that our Group’s internal control system is sufficient and effective for its operation; and that the non-compliance incidents do not have any material impact on our Directors’ suitability to act as 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 implementation of the enhanced internal policies and measures/remedial actions, the business nature and operation scale of the Group.

## LICENCES, PERMITS AND QUALIFICATIONS

### *Licences and permits*

As at the Latest Practicable Date, save as disclosed in this prospectus, we had obtained all licences and permits required for our operations. In the opinion of our PRC Legal Adviser, during the Track Record Period, we had obtained all material permits/licences for our operations, the failure of which could have a material adverse effect on our business, result of operations and financial conditions.

### *Qualifications*

As advised by our PRC Legal Adviser, as at the Latest Practicable Date, save as disclosed in this prospectus, we had obtained all material requisite licences, permits, certificates and approvals for business operations in the PRC. The table below sets out details of real property development qualifications of our PRC subsidiaries as at the Latest Practicable Date:

<b>PRC subsidiary</b>	<b>Qualification</b>	<b>Class</b>	<b>Validity</b>
Changzhou Jinyuan	Interim Qualification Certificate for Real Estate Development Enterprise in the People’s Republic of China (中華人民共和國房地產開發企業暫定資質證書)	2	In effect, expiring on 23 December 2016

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<b>PRC subsidiary</b>	<b>Qualification</b>	<b>Class</b>	<b>Validity</b>
Siyang Fengyuan	Interim Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業暫定資質證書)	2	In effect, expiring on 28 August 2016
Suqian Jia Yuan	Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業資質證書)	2	In effect, expiring on 26 February 2017
Taixing Hengyuan	Interim Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業暫定資質證書)	2	In effect, expiring on 29 September 2016
Taixing Mingyuan	Interim Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業暫定資質證書)	2	In effect, expiring on 20 October 2016
Taizhou Jia Yuan	Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業資質證書)	2	In effect, expiring on 22 June 2017
Taixing Guangyuan	Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業資質證書)	2	In effect, expiring on 11 November 2018
Taizhou Mingyuan	Interim Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業暫定資質證書)	2	In effect, expiring on 3 December 2016

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## BUSINESS

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<b>PRC subsidiary</b>	<b>Qualification</b>	<b>Class</b>	<b>Validity</b>
Yangzhou Guangyuan	Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業資質證書)	2	In effect, expiring on 28 July 2016
Nanjing Xinhaoning	Interim Qualification Certificate for Real Estate Development Enterprise in the People's Republic of China (中華人民共和國房地產開發企業暫定資質證書)	2	In effect, expiring on 20 February 2017

We do not intend to renew the qualification certificates of Yangzhou Hengyuan and Yangzhou Mingyuan as all property development projects under these two subsidiaries had been completed. Save for the above, we will apply to the relevant government authorities to renew our licences, permits and qualification certificates prior to their expiry.

### LEGAL PROCEEDINGS

As a property developer in the PRC, we may be faced with arbitration, litigation or administrative proceedings or disputes in the ordinary course of our business. During the Track Record Period, we were not involved in any legal or other disputes with contractors, purchasers or other personal which were material to our business, results of operations and financial conditions. Our Directors confirm that, as at the Latest Practicable Date, we had not been involved in any actual or threatened arbitration, litigation or administrative proceedings which had or could be expected to have a material adverse effect on our reputation, business, results of operations and financial condition.



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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

Immediately after completion of the Global Offering (assuming the Over-allotment Option is not exercised), Mingyuan Investment will hold 75% of the issued share capital of our Company. Mingyuan Investment is wholly owned by Mr. Shum, our Chairman and the non-executive Director. Accordingly, Mingyuan Investment and Mr. Shum will be the Controlling Shareholders after the Global Offering.

Apart from our Group, the Controlling Shareholders and their respective associates currently have interests in the Excluded Businesses (as defined below). To ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-competition with us to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our businesses.

### OUR BUSINESSES

Our Group engages in (i) the development and sale of residential and commercial properties; (ii) the provision of development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure; and (iii) the leasing of commercial properties owned or developed by us in the PRC.

In contemplation of the Listing and in order to ensure clear delineation of business between our Group and the Private Group (as defined below), we underwent the Reorganisation, pursuant to which our Group comprises project companies which hold and develop our property development projects in Jiangsu Province, the PRC. As at 30 November 2015, we had a portfolio of 19 property development projects in various major cities or key towns in Jiangsu Province (the “Target Projects”), comprising 14 residential complex projects and five integrated commercial complex projects. For further details of the Target Projects, please refer to the section headed “Business — Portfolio of our property development projects” in this prospectus.

### EXCLUDED BUSINESSES

As at the Latest Practicable Date, apart from our Group, Mr. Shum, one of the Controlling Shareholders, is also the ultimate owner of the Private Group which are principally engaged in real estate development. In order to achieve the geographical segregation between the property development projects of the Private Group and our Group and to ensure clear delineation, the Private Group will conduct its property business only in the non-Target Cities (as defined below) (the “Excluded Businesses”).

As of 31 August 2015, the Private Group had 36 property development projects (the “Excluded Private Group Projects”) in various cities in the PRC, namely,

- (1) Hangzhou City, Zhejiang Province (浙江省杭州市);
- (2) Tongxiang City, Zhejiang Province (浙江省桐鄉市);
- (3) Jiaxing City, Zhejiang Province (浙江省嘉興市);
- (4) Haining City, Zhejiang Province (浙江省海寧市);
- (5) Shaoxing City, Zhejiang Province (浙江省紹興市);
- (6) Taizhou City, Zhejiang Province (浙江省台州市);
- (7) Pinghu City, Zhejiang Province (浙江省平湖市);
- (8) Huzhou City, Zhejiang Province (浙江省湖州市);

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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- (9) Wuyi County, Jinhua City, Zhejiang Province (浙江省金華市武義縣);
- (10) Hefei City, Anhui Province (安徽省合肥市);
- (11) Bengbu City, Anhui Province (安徽省蚌埠市);
- (12) Shaoyang City, Hunan Province (湖南省邵陽市);
- (13) Hengyang City, Hunan Province (湖南省衡陽市);
- (14) Baise, Guangxi Autonomous Region (廣西省百色市);
- (15) Qingdao City, Shandong Province (山東省青島市);
- (16) Fushun City, Liaoning Province (遼寧省撫順市);
- (17) Siping City, Jilin Province (吉林省四平市); and
- (18) Shanghai City (上海市),

(collectively referred as the “non-Target Cities” and each a “non-Target City”)

As of 31 August 2015, out of the 36 property development projects held by the Private Group in the non-Target Cities, 6 projects are completed, 27 projects are under development and 3 projects are held for future development. Such property development projects comprise residential projects and commercial projects with an aggregate site area of approximately 5.3 million sq.m. and, upon fully developed, will have a planned GFA of approximately 9.0 million sq.m..

Based on the unaudited combined management accounts of the Private Group for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, respectively, provided by the Private Group and after reasonable enquiries made by our Directors, the approximate aggregate unaudited revenue, approximate aggregate unaudited gross profit and approximate aggregate unaudited net profit derived from the Excluded Businesses of the Private Group for the years/period are set out below, all being unaudited figures:

	Year ended 31 December			Eight months ended
	2012	2013	2014	31 August 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Aggregate unaudited revenue	2,677,591	2,398,246	4,978,235	4,886,197
Aggregate unaudited gross profit	499,274	466,407	919,813	900,622
Aggregate unaudited net profit	270,524	158,239	445,032	533,111

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### DELINEATION BETWEEN OUR GROUP AND THE PRIVATE GROUP

#### Geographical Delineation

The business of our Group and the Private Group is clearly delineated by reference to their respective geographical locations. We will conduct our business in 13 selected cities and the entire Jiangsu Province in the PRC, namely,

- (1) Chongqing Municipality (重慶市);
- (2) Jinan City, Shandong Province (山東省濟南市);
- (3) Nanchang City, Jiangxi Province (江西省南昌市);
- (4) Xiamen City, Fujian Province (福建省廈門市);
- (5) Fuzhou City, Fujian Province (福建省福州市);
- (6) Wuhan City, Hubei Province (湖北省武漢市);
- (7) Changsha City, Hunan Province (湖南省長沙市);
- (8) Nanning City, Guangxi Autonomous Region (廣西省南寧市);
- (9) Dalian City, Liaoning Province (遼寧省大連市);
- (10) Guangzhou City, Guangdong Province (廣東省廣州市);
- (11) Shenzhen City, Guangdong Province (廣東省深圳市);
- (12) Zhuhai City, Guangdong Province (廣東省珠海市);
- (13) Shantou City, Guangdong Province (廣東省汕頭市); and
- (14) all cities in Jiangsu Province (江蘇省所有城市),

(collectively referred as the “Target Cities” and each a “Target City”) and the Private Group will conduct its property business only in the non-Target Cities. There is no overlapping city among the Target Cities and the non-Target Cities. Such geographical delineation aims solely to ring-fence the operations of our Group from any potential operations from the Private Group.

The Target Cities are selected carefully by our Company by reference to the following criteria:

- (a) **Geographical locations:** The Target Cities are cities in which the Private Group does not have any property development projects as at 31 August 2015 or have any current intention to expand into. Jiangsu Province is selected because our Group has 19 existing projects in Jiangsu Province.
- (b) **Scale and nature of cities:** All the Target Cities (other than those located in Jiangsu Province) are second-tier or third-tier cities in the PRC which are officially classified by the PRC Government either as:
  - provincial capital cities (省會城市), such as Jinan, Nanchang, Fuzhou, Wuhan, Changsha, Nanning and Guangzhou; or
  - prefectural level city (地級市), such as Zhuhai and Shantou; or
  - state-plan designated cities (計劃單列城市), such as Xiamen, Dalian and Shenzhen; or
  - municipalities & special administrative regions (直轄市及特別行政區), such as Chongqing.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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- (c) **Economy and growth potentials:** All the Target Cities are selected for their sizeable regional economies and high growth potentials. The selected Target Cities each has a population of 5 million or above (except for Zhuhai) and a local GDP of over RMB300 billion (except for Zhuhai and Shantou). We believe that such population and GDP support demand for future growth of housing, commercial and retail activities. Zhuhai and Shantou are special economic zones which enjoy special economic policies. Our Group aims to exploit the fast growing potentials possessed by the Target Cities to develop, in particular, residential commodity units, offering a better accommodation quality to the affluent population in or around the Target Cities.
- (d) **Accessibility:** All the Target Cities are selected for their accessibility. We consider that these cities are well supported by public transportation networks such as highways and railways. Accessibility is important for the development of real estate sector and foster economic growth.
- (e) **Development potentials:** We have identified the Target Cities as most likely to be entered into by our Group for development in the near future. As at 31 August 2015, we have commenced feasibility studies for our expansion plans in Shenzhen, Guangzhou and Zhuhai.

Our Directors consider that the geographical delineation set out above is effective in ring-fencing the business of our Group from that of the Private Group. As our Group and the Private Group will operate exclusively in the Target Cities and the non-Target Cities, respectively, we believe that the property development business of the Private Group will not pose competition to our Group.

### **Further measures to minimise potential competition between our Group and the Private Group**

#### ***Non-competition undertakings by the Controlling Shareholders***

In order to achieve the geographical segregation between the property development projects of the Private Group and our Group and minimise any potential competition arising therefrom, each of the Controlling Shareholders has entered into the Deed of Non-competition with our Company, pursuant to which, the Controlling Shareholders will irrevocably and unconditionally, jointly and severally, undertake in favour of our Company (for itself and on behalf of its subsidiaries) that at any time during the Relevant Period (as defined below), each of the Controlling Shareholders shall and shall procure that its associates (other than members of our Group) not to, directly or indirectly, engage in, invest in, participate in, or attempt to participate in, whether on its own account or with each other or in conjunction with or on behalf of any person or company or otherwise, the development, sale, lease and management of any property development projects in any of the Target Cities (the “Property Business”) as now may be engaged in by our Group, or in any business that may compete, directly or indirectly with such business. For the avoidance of doubt, each of the aforementioned Target Cities would remain a Target City even if all of our property development projects in the relevant city have been completed and sold and irrespective of whether we would conduct any further business therein.

For the above purpose, the “Relevant Period” means the period commencing from the Deed of Non-competition and shall expire on the earlier of (i) the date on which each of the Controlling Shareholders ceasing to control 30% (or such other amount as may from time to time be specified in the Takeovers Code) or more in the issued share capital of our Company or otherwise not regarded as a controlling shareholder of our Company under the Listing Rules; and (ii) the date on which our Shares cease to be listed on the Stock Exchange.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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The aforesaid undertaking does not apply with respect to:

- (a) the holding of or being interested in, directly or indirectly, by the Controlling Shareholders or any of their respective associates (including the Private Group), any shares in any company which conducts or is engaged in, directly or indirectly, the Property Business in any of the Target Cities, provided that: (x) such shares are listed on a recognised stock exchange; and (y) the total number of such shares held by the Controlling Shareholders and/or any of their respective associates (including the Private Group) does not amount to more than 5% of the issued shares of that class of such company in question; and
- (b) the acquisition or holding of property by the Controlling Shareholders or any of their respective associates (including the Private Group) for their respective self-use.

### *New Business Opportunity*

Each of the Controlling Shareholders further undertakes, if any new business opportunity is made available to any of them relating to the Property Business (the “Business Opportunity”) in the Target Cities:

- (a) the Controlling Shareholders shall direct to our Company any such Business Opportunity by serving to us a written notice; and
- (b) such written notice shall include all information together with any documents possessed by any of the Controlling Shareholders or their associates in respect of the Business Opportunity to enable us to evaluate the merit of the Business Opportunity and all reasonable assistance as requested by our Company to enable us to secure the Business Opportunity.

Upon receipt of the written notice from the Controlling Shareholders, our Group will consider whether it is in the interest of our Company and our Shareholders as a whole to pursue the Business Opportunity. For the avoidance of doubt, the Controlling Shareholders and any of their respective associates (other than our Group) and the Private Group will not be entitled to pursue the Business Opportunity even if the Business Opportunity is declined by our Group.

In addition, it is further provided in the Deed of Non-competition that if there is any disagreement between the Controlling Shareholders and our Company as to whether any Business Opportunity shall directly or indirectly compete or lead to competition with the Property Business, the matter shall be determined by our independent non-executive Directors, whose decision shall be final and binding.

### *Option and right of first refusal*

- (a) Excluded Private Group Projects in non-Target Cities

Each of the Controlling Shareholders has granted us an option, as part of the Deed of Non-competition, to acquire in one or more occasions any interest in respect of the property development project(s) (in whole or in part) in a non-Target City held by the Controlling Shareholders or any of their respective associates (including the Private Group) at any time subject to the Exercise Conditions (as defined below) (the “Option”). The price at which the Option will be exercised shall be negotiated and agreed at arm’s length between our Company and the Controlling Shareholders at the time of exercise. We will ensure that the price and terms of such acquisitions are fair and reasonable, on normal commercial terms or better and in the interest of our Group and our

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Shareholders as a whole. An independent internationally recognised firm of valuers will be appointed to determine the exercise price where the Controlling Shareholders and our Company consider that it is commercially sound to do so.

Each of the Controlling Shareholders has granted us a right of first refusal, as part of the Deed of Non-competition, in the event that any of the Controlling Shareholders or any of their respective associates (including the Private Group) wishes to sell any interest in the property development project(s) (in whole or in part) in a non-Target City owned by it to any third party (the “Opportunity for Sale”), each of the Controlling Shareholders will and will procure their associates that the Opportunity for Sale is offered to us and we shall have a first right of refusal in respect of such Opportunity for Sale subject to the Exercise Conditions (as defined below) (the “Right of First Refusal”). In the event that our Company exercises the Right of First Refusal, our Company will exercise the Option to acquire such interest in the property development project(s) (in whole or in part) in the non-Target City.

The Option is a right granted to us to acquire the property development project(s) (in whole or in part) in a non-Target City held by the Controlling Shareholders or any of their respective associates (including the Private Group) at any time when we are of the view that it is commercially sound and appropriate for our Group to acquire such project(s) (in whole or in part). Whereas, the Right of First Refusal is a right granted to us to acquire the property development project(s) (in whole or in part) in a non-Target City held by the Controlling Shareholders or any of their respective associates (including the Private Group) at a time when such project(s) (in whole or in part) is/are intended to be sold to any third parties. Both the Option and the Right of First Refusal cover the property development projects in the non-Target Cities held by the Private Group, no matter whether they are completed projects, projects under development or projects held for future development.

Decisions as to whether to exercise the Option or the Right of First Refusal shall be subject to the independent non-executive directors and the independent shareholders of our Company (if required) approving the acquisition. In addition, our Company should also appoint an independent financial adviser to review the terms of the acquisition of such property development projects in the non-Target Cities and provide a letter of advice to the independent board committee and the independent shareholders of our Company (if required) (collectively, the “Exercise Conditions”). As of the Latest Practicable Date, we do not have any plan or proposal, via exercise of the Option, the Right of First Refusal or otherwise, to acquire from the Private Group any of its property development projects in the non-Target Cities, whether they are completed projects, projects under development or projects held for future development.

The exercise of the Option or the Right of First Refusal will constitute connected transaction(s) for our Company under Chapter 14A of the Listing Rules and will be subject to the applicable requirements under the Listing Rules. In the event that our Company decides to exercise the Option or the Right of First Refusal, an announcement will be issued by our Company setting out details of such exercise in accordance with relevant requirements under the Listing Rules. In the event that our Company decides not to exercise the Right of First Refusal, an announcement will also be issued by our Company setting out the reasons for not exercising such right and the Controlling Shareholders or any of their respective associates (including the Private Group) may proceed to sell to the third party, provided that the price may not be lower than the price which was offered to our Company.

### (b) Unoccupied Cities

In respect of any cities in the PRC other than the Target Cities or the Non-Target Cities (the “Unoccupied Cities”), our Group is free to expand into at any time when we identify suitable property development project or business opportunity in relation to the Property Business in the Unoccupied Cities.



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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Each of the Controlling Shareholders will grant us a right of first refusal, as part of the Deed of Non-competition, to conduct business in the Unoccupied Cities. If the Controlling Shareholders or any of their respective associates (including the Private Group) identifies or is offered any business opportunity to conduct Property Business in any Unoccupied Cities (the “Business Opportunity in Unoccupied City”) during the Relevant Period, the Controlling Shareholders shall give a written notice (the “Offer Notice”) to our Company of such Business Opportunity in Unoccupied City as soon as practicable after the Controlling Shareholders or any of their respective associates (including the Private Group) identifies or is offered such Business Opportunity in Unoccupied City and shall provide or procure the provision of all necessary information and documents possessed by the Controlling Shareholders in respect of such Business Opportunity in Unoccupied City to enable us to evaluate the business opportunity.

If our Company is interested in pursuing the Business Opportunity in Unoccupied City, we shall give a written notice to the Controlling Shareholders as soon as possible but in any case within 30 business days of receipt of Offer Notice indicating our decision to pursue or decline the Business Opportunity in Unoccupied City.

Each of the Controlling Shareholders shall use all reasonable endeavours to procure that such Business Opportunity in Unoccupied City shall remain available for pursuit by our Company on terms and conditions which are not less favourable than those offered or made available to the Controlling Shareholders or any of their respective associates for at least 40 business days from the Offer Notice.

However, the Controlling Shareholders or any of their respective associates (including the Private Group) shall be free to pursue the Business Opportunity in Unoccupied City if prior to such pursuit:

- (i) it has received a written notice from our Company indicating our decision to decline the Business Opportunity in Unoccupied City; or
- (ii) it has not received a written notice from our Company within the prescribed time referred to above indicating our decision to pursue the Business Opportunity in Unoccupied City; or
- (iii) it has received a written notice from our Company within the prescribed time referred to above indicating our decision to pursue the Business Opportunity in Unoccupied City but our Company has not taken such reasonable steps as are necessary to pursue the Business Opportunity in Unoccupied City by the end of 40 business days of receipt of such written notice; or
- (iv) our Company has previously notified the Controlling Shareholders that it will pursue the Business Opportunity in Unoccupied City, but our Company is subsequently precluded from doing so due to regulatory restrictions or reasons.

Upon exercise of the right of first refusal in respect of the Business Opportunity in Unoccupied City, the relevant Unoccupied City will become a Target City. In the event we decline the Business Opportunity in Unoccupied City or otherwise do not proceed in pursuing such opportunity as set forth in paragraphs (i) to (iv) above, upon the Controlling Shareholders taking up the Business Opportunity in Unoccupied City, the relevant Unoccupied City will become a non-Target City. In respect of property development projects in the non-Target Cities, pursuant to the Deed of Non-competition, we are granted the Option and the Right of First Refusal to acquire such projects



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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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from the Controlling Shareholders at any time we consider appropriate. For details of the Option and the Right of First Refusal, please refer to the sub-paragraph headed “Non-competition undertakings by the Controlling Shareholders — Option and right of first refusal — (a) Excluded Private Group Projects in non-Target Cities” in this section of this prospectus.

On the basis of the non-competition undertakings given by the Controlling Shareholders pursuant to the Deed of Non-competition and our corporate governance measures in place to manage any potential conflicts of interest and ensure compliance with the Deed of Non-competition by the Controlling Shareholders as set out under the paragraph headed “Corporate governance measures adopted by our Company” in this section, we are of the view that our future development in any cities will not be limited.

### *Indemnity*

Each of the Controlling Shareholders has undertaken to indemnify and keep indemnified our Group against any damage, loss or liability suffered by our Company or any other member of our Group arising out of or in connection with any breach of its undertakings and/or obligations under the Deed of Non-competition, including any costs and expenses incurred as a result of such breach provided that such indemnity shall be without prejudice to any other rights and remedies our Company is entitled to in relation to any such breach, including specific performance, and all such other things and remedies are hereby expressly reserved by our Company.

### *Other undertakings*

In order to protect the interests of our Company and our Shareholders, Mr. Shum has undertaken that in the event that actual or potential conflict of interests arises, he will abstain from voting for such resolution in approving such transaction(s) on the board level or the shareholder level of our Company and will not be counted in the quorum.

In addition, each of the Controlling Shareholders has undertaken to provide and/or procure the Private Group to provide all available information of the Private Group necessary for the enforcement of the undertakings in the Deed of Non-competition to our Company and would make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company and the corporate governance report of our Company pursuant to Appendix 14 to the Listing Rules.

### *Amendments*

Any adjustment or amendment to the material terms of the Deed of Non-competition, including the change in the number and/or composition of the Target Cities and the rights of our Company and the Private Group in relation to the Property Business in the Target Cities and non-Target Cities, respectively, will be subject to the approvals of the independent non-executive directors and independent shareholders of our Company.

### ***Main Reasons for exclusion of the Excluded Private Group Projects***

We have taken into account one or more of the following reasons in the exclusion of the Excluded Private Group Projects:

(i) *Clear geographical delineation between our Group and the Private Group*

In order to ensure clear business delineation between our Group and the Private Group, we have selected the existing 19 projects in Jiangsu Province and 13 Target Cities, in which the Private

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Group does not currently have any property development projects or have any current intention to expand into. Our Directors consider the geographical delineation between the Target Projects and the Excluded Private Group Project is essential and effective in ring-fencing the business of our Group and the Private Group. Accordingly, all of the Target Projects retained by our Group are located in Jiangsu Province while majority of the Excluded Private Group Projects are located in Zhejiang Province. The Excluded Private Group Projects are considered to be located outside our geographical areas of focus and therefore excluded from the Target Projects and retained by the Private Group.

*(ii) The Excluded Private Group Projects are located in less mature cities*

Our Company has selected the Target Projects as they are located in positions which we consider as strategically sound in terms of the scale and nature of cities in which the Target Projects are located, accessibility and presence of sizable regional economies and high growth potential. In contrast, we consider that certain Excluded Private Group Projects are located in less mature cities with relatively volatile economic conditions and uncertain outlook in the real estate sector, and thus, fall outside the investment strategy of our Company.

*(iii) Investment strategy of our Company*

It is not our strategy to acquire developed properties for investment as such projects are not considered appropriate or beneficial to our Group in terms of revenue stream and profitability.

*(iv) Capex Requirement of the Excluded Private Group Projects*

Some of the Excluded Private Group Projects require long term investment and heavy capital expenditure. They fall outside our investment strategy in terms of capex requirement and duration of investment. For instance, property development project(s) owned by the Private Group in Shanghai City (上海市) and Qingdao City, Shandong Province (山東省青島市) are in preliminary development stage which require heavy investment cost, therefore fall outside the selection criteria for the Target Projects.

## INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS AND THE PRIVATE GROUP

### **(a) Management independence**

The business of our Group is managed by our Board and the senior management team of our Group independently of the Private Group. Our Board comprises three executive directors, one non-executive Director and three independent non-executive Directors. Our non-executive Director and independent non-executive Directors will not participate in the daily operations of our Group. Each of our Directors is aware of his or her fiduciary duties as a director which require, among others, that he or she must act for the benefit and in the best interest of our Company and must not allow any conflict between his or her duties as a director and his or her personal interest. If there is any potential conflict of interest arising out of any transactions to be entered into between our Group and any Directors or their respective associates, the interested Director shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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Among the seven Directors of our Company, one Director, being Mr. Shum, is also a director of certain Private Group companies and will remain in his directorship in such Private Group companies after the Listing. Details of the roles and responsibilities of the overlapping Director who will continue to have roles in the Private Group are set out as follows:

<b>Director</b>	<b>Roles and responsibilities in our Company</b>	<b>Roles and responsibilities in the Private Group companies</b>
Mr. Shum	Chairman and Non-executive Director	Executive management role
	Overall strategic planning of our Group	Overall management of the operations of the Private Group

Our Directors consider that the management of our Group will be able to function independently from the Private Group, notwithstanding that one Director will continue to hold positions in the Private Group:

- (i) six out of seven members of our Board will not hold any position in the Private Group upon the Listing. Accordingly, a vast majority of the members of our Board are independent from the Private Group and Mr. Shum, being the director who will continue to hold positions in the Private Group, does not have an absolute majority to pass any resolution of our Board;
- (ii) Mr. Shum, will not actively participate in the daily management and operations of our Group as he is a non-executive Director;
- (iii) there is no overlapping of senior management personnel between our Group and the Private Group. The senior management is independent from the employment by and operations of the Private Group. Our Group will accordingly have our own senior management team, who will bring with them experience in the property development projects;
- (iv) three out of seven Directors, which is, over one-third of our Board, are independent non-executive Directors and there is no overlapping of the independent non-executive directors of our Company and the Private Group. All three independent non-executive Directors are independently appointed to our Board and do not have obligations in the Private Group. None of the independent non-executive Directors has any position or role in the Private Group and none of the criteria affecting independence under Rule 3.13 of the Listing Rules apply to them. The independent non-executive Directors either have appropriate academic qualifications or extensive experience in their respectable specialty areas, or are appointed for the diversity in skills and background they may add to the Board. Our independent non-executive Directors will be expected to bring impartial and independent judgment to our Board and to take the lead in matters to be discussed by our Board where potential conflicts of interests between the Private Group and our Group may arise. In addition, all members of the audit committee and the majority of the members of the nomination committee and remuneration committee of our Company are independent non-executive Directors; and

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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- (v) our Company has in place arrangements and corporate governance measures to manage actual or potential conflicts of interest, ensure independent decision making, safeguard the protective measures under the Deed of Non-competition, and ultimately, protect the interests of our Shareholders:
  - (a) the common director of the Private Group and our Company will, in case of any conflict of interest arising, abstain from voting on the relevant resolution(s) in the relevant meeting of the Board and/or the board of directors of the Private Group, as the case may be, in accordance with and subject to the articles of our Company and the Private Group, as well as the applicable rules and regulations of the PRC and the laws of jurisdiction of our Company;
  - (b) pursuant to the Articles, there are provisions to the effect that a Director shall not vote (nor be counted in the quorum) on a resolution of our Board approving any contract or arrangement in which he/she or any of his/her associates is materially interested;
  - (c) our independent non-executive Directors who have no material interest in the transaction should be present at all board meetings at which such transaction is to be resolved; and
  - (d) our independent non-executive Directors will be reviewing the compliance of the Private Group with the Deed of Non-competition.

Our Directors believe that the presence of directors from different backgrounds provides a balance of views and opinions and, having taking into account of the above factors, our Company is satisfied that our Directors will be able to perform their roles in our Group independently, and that our Group is capable of managing its business independently from the Private Group upon the Listing.

### **(b) Financial independence**

Our Directors believe that our Group is able to maintain financial independence from the Private Group:

- (i) we have our own financial and accounting system independent of the Private Group and accounting functions and financial decision making are carried out by our Group independently and according to our own business needs and financial conditions; and
- (ii) during the Track Record Period, the members of our Group demonstrated its ability to raise financings from commercial banks, trust companies and asset management companies by providing properties under development, investment properties and self-owned properties as security without any credit support from the Private Group, save in respect of some loans/guarantees provided by Mr. Shum, his spouse and the Private Group. As at 31 August 2015 and 31 December 2015, Mr. Shum, his spouse and a Private Group company provided guarantees in favor of us in connection with secured bank and other borrowings with outstanding principal amounts of approximately RMB4,393.8 million and RMB4,582.1 million, respectively. As at 31 December 2015, Mr. Shum and his spouse provided guarantees in favour of us in connection with unsecured bank borrowings of approximately RMB546.4 million. A Private Group company placed cash collateral in favour of us to secure certain bank and other borrowings in the principal amounts of RMB594.2 million as at 31 August 2015, which has been released as at 31 December 2015. In addition, there are certain amounts due to Mr. Shum and companies controlled by Mr. Shum (as to non-trade nature only) in the amount of RMB234.0 million as at 31 August 2015, which has been settled as at 31 December 2015. Our Directors confirm that all guarantees will be fully released or replaced by our own guarantee or collateral before the Listing. We accordingly believe that our Group will be able to obtain new financings and renew existing financings from commercial banks, trust companies and asset management companies on comparable terms without guarantee or other security from Mr. Shum, his spouse or the Private Group following the Listing.

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### (c) Operational independence

Our Directors believe that we will be able to operate independently from the Private Group:

- (i) the operations of our Group and Private Group are physically separated by geographical locations;
- (ii) sales and procurement activities are independently carried out by our Group and there is not any centralised sales or procurement arrangements between our Group and the Private Group. We will enter into relevant contracts, through our own bidding system, to directly engage construction contractors, suppliers or other service providers for the various stages of property development, for example, we also enter into construction contracts and supply contracts to engage construction contractors and suppliers, respectively, for the development of our property projects and procurement of construction materials necessary for our operations. We also enter into sales agent agreements to engage sales agents to promote the sales of our properties;
- (iii) our Group has an independent work force to carry out the development of property projects and is operationally independent from the Private Group. We have established our own operational and organisation structure with dedicated departments and management personnel to run daily operations. We have our own employees equipped with the relevant skills to run the ordinary course of our business and a management team which possesses the requisite expertise in property development projects. Our management team is led by personnel with property development experience;
- (iv) the management team of our Group has, through our tendering process, direct and independent access to suppliers, sales agents, design firms and construction contractors and does not rely on the Private Group to establish or maintain our business relationship with these third parties or conduct sales or procurement activities; and
- (v) our Group also possesses all material licences, approvals and permits to carry on and operate our business independently of the Private Group.

Any future continuing connected transactions between our Group and the Private Group will be entered into on normal commercial terms in the ordinary course of business, and to the extent where they constitute non-exempt continuing connected transaction, will be reviewed by the external auditors of our Company and our independent non-executive Directors and reported on in the annual reports of our Company.

### CORPORATE GOVERNANCE MEASURES ADOPTED BY OUR COMPANY

Our Directors believe that there will be adequate corporate governance measures in place to manage any potential conflicts of interest and ensure compliance with the Deed of Non-competition by the Controlling Shareholders. We will adopt the following corporate governance measures to further strengthen protection of the interests of our Shareholders:

- (i) we are committed to ensuring that the Board has a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on our Board, which can effectively exercise independent judgment. Our independent non-executive Directors possess the requisite industry knowledge and experience for their views to carry weight. The majority of our independent non-executive Directors have experience as directors of listed companies and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders;

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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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- (ii) any Director with a material interest in any matter in respect of which a conflict or potential conflict of interest with our Group may arise must make full disclosure in respect of such matter to our Board, and any conflicted Director (including any director who holds a position in the Private Group and its subsidiaries), will abstain from participation in any board meeting when matters relating to any rights granted in favour of our Company under the Deed of Non-competition by the Controlling Shareholders or any of their respective associates (including the Private Group) or any other connected transactions pursuant to contractual arrangements with the Private Group are discussed, unless his attendance is requested by a majority of the independent non-executive Directors. Notwithstanding his attendance, he shall not vote or be counted towards the quorum in respect of such matters;
- (iii) our independent non-executive Directors will review the compliance by the Controlling Shareholders and enforcement of the Deed of Non-competition on an annual basis. The Controlling Shareholders will provide all information requested by our Group which is necessary for such review by our independent non-executive Directors. Our Group will disclose its decisions reached, with basis, in respect of (i) exercising the Option or the Right of First Refusal to pursue property development projects in the Non-Target Cities; (ii) pursuing or declining any Business Opportunity in the Target Cities; (iii) exercising the right of first refusal to pursue property development projects in the Unoccupied Cities and other matters received by our independent non-executive Directors in our annual reports or by way of announcements;
- (iv) each of the Controlling Shareholders will make an annual declaration on its compliance with the Deed of Non-competition in the annual report of our Company and ensure that the disclosure of details of the compliance with and the enforcement of the Deed of Non-competition is consistent with the principles of disclosure under the Corporate Governance Code contained in Appendix 14 to the Listing Rules;
- (v) as required by the Listing Rules, our independent non-executive Directors will review any non-exempt continuing connected transactions annually and confirm in our annual report that such transactions have been entered into in our Group's ordinary and usual course of business, are either on normal commercial terms or on terms no less favourable to our Group than those available to or from Independent Third Parties and are on terms that are fair and reasonable and in the interests of our Company and our Shareholders as a whole;
- (vi) in the event of any potential conflict of interest arises at the shareholders' level, the Controlling Shareholders shall abstain from voting in the Shareholders' meeting of our Company with respect to the relevant resolution(s);
- (vii) pursuant to the Corporate Governance Code in accordance with Appendix 14 to the Listing Rules, our Directors, including the independent non-executive Directors, will be able to seek independent professional advice from external parties in appropriate circumstances at our Company's cost;
- (viii) any proposed transaction between us and connected persons will be subject to Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent shareholders' approval requirements of such rules; and
- (ix) we have appointed Messis Capital Limited as our compliance adviser with effect from the Listing who will provide us with professional advice and guidance, in respect of compliance with the Listing Rules and applicable laws including various requirements relating to directors' duties and corporate governance.



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## CONTINUING CONNECTED TRANSACTIONS

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### CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions with our connected persons which will continue following the Listing and which will constitute continuing connected transactions within the meaning of the Listing Rules.

### CONNECTED PERSONS

#### 1. Jin Jiang Limited

Jin Jiang Limited is a company incorporated under the laws of Hong Kong with limited liability on 8 November 2013. It is principally engaged in investment holding.

Jin Jiang Limited is a company directly wholly-owned by Mr. Shum and hence, is a connected person of our Company.

#### 2. Zhejiang Jia Yuan Group

Zhejiang Jia Yuan Group is a company established under the laws of the PRC with limited liability on 29 March 2004. It is principally engaged in property development and property investment.

Zhejiang Jia Yuan Group is a company indirectly wholly-owned by Mr. Shum and hence, is a connected person of our Company.

#### 3. Changzhou Tian Yu

Changzhou Tian Yu is a company established under the laws of the PRC with limited liability on 3 March 2010. It is principally engaged in property development.

Changzhou Tian Yu is a company owned as to 30% by Mr. Huang Fuqing (黃福清), an executive Director and hence, is a connected person of our Company.

#### 4. Zhejiang Xigu Digital Technology Co., Ltd.\* (浙江西谷數字技術有限公司) (“Zhejiang Xigu”)

Zhejiang Xigu is a company established under the laws of the PRC with limited liability on 15 August 2006. It is principally engaged in the manufacture, installation and sale of software and system equipments.

Zhejiang Xigu is a company directly owned as to 90% by Jiaxing Dongyuan Investment Co., Ltd.\* (嘉興東源投資有限公司) (a company which is directly owned as to 75% by Ms. Wang Xinmei (王新妹), the spouse of Mr. Shum, and 25% by Mr. Shen Xiaodong (沈曉東), the son of Mr. Shum), 9.6% by Ms. Wang Xinmei (王新妹) and 0.4% by Mr. Shen Jianxing (沈建興) (an Independent Third Party). Zhejiang Xigu is therefore a connected person of our Company.

#### 5. Jiaxing City Deyu Electronics Technology Co., Ltd.\* (嘉興市德宇電子科技有限公司) (“Jiaxing Deyu”)

Jiaxing Deyu is a company established under the laws of the PRC with limited liability on 1 September 2005. It is principally engaged in the manufacture, installation and sale of software and system equipments.

Jiaxing Deyu is a wholly-owned subsidiary of Zhejiang Xigu and hence, is a connected person of our Company.



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## CONTINUING CONNECTED TRANSACTIONS

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### 6. Jiaxing City Boyuan Architecture Design Co., Ltd.\* (嘉興市博源建築設計有限公司) (“Jiaxing Boyuan”)

Jiaxing Boyuan, formerly known as Zhejiang Jiayuan Architecture Design Co., Ltd.\* (浙江佳源建築設計有限公司), is a company established under the laws of the PRC with limited liability on 29 January 2010. It is principally engaged in project design and decoration.

Jiaxing Boyuan is a company indirectly wholly-owned by Mr. Shum and hence, is a connected person of our Company.

### 7. Jia Yuan Property

Jia Yuan Property is a company established under the laws of the PRC with limited liability on 26 April 2004. It is principally engaged in property management.

Jia Yuan Property is a company indirectly wholly-owned by Mr. Shum and hence, is a connected person of our Company.

## FULLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

Upon Listing, the transactions set forth below will constitute fully exempt continuing connected transactions for our Company under the Listing Rules:

### Trademark License Agreement

On 27 July 2015, our Company entered into a trademark license agreement (the “Trademark License Agreement”) with Jin Jiang Limited and Zhejiang Jia Yuan Group (collectively, the “Licensors”), pursuant to which the Licensors agreed to grant to us a non-exclusive license to use, and the rights to sub-license to our subsidiaries to use all of the trademarks (the “Licensed Trademarks”) set forth in the section headed “Statutory and general information — Further information about the business of our Company — 9. Intellectual property rights of our Group” in Appendix VI to this prospectus, on or in connection with the real estate business and any other agreed business segment in the PRC, Hong Kong and Macau, without royalty or cost. The Trademark License Agreement is for a term of 10 years commencing on 27 July 2015.

We have been using the Licensed Trademarks in connection with our business conducted over the years. As such, in order to maintain the consistency of our market image, we will continue to use the Licensed Trademarks after Listing. Our Directors are of the view that (i) the Licensed Trademarks are essential to our business, which, to a significant extent is built on brand recognition, and a longer duration of the licence term will afford a greater degree of stability and continuity to our business; and (ii) it is normal business practice for license agreement of this type to be of a term of 10 years. The Sole Sponsor concurs with the view of our Directors.

As there is no consideration payable by us in respect of the Trademark License Agreement, the transaction contemplated thereunder constitutes a *de minimis* continuing connected transaction exempt from reporting, announcement and independent shareholders’ approval requirement as set out in Chapter 14A of the Listing Rules.

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## CONTINUING CONNECTED TRANSACTIONS

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### **Tenancy Agreement**

Since 2014, Changzhou Jinyuan has been leasing 15/F, Zhongchuang Building, Times Square, Xinbei District, Changzhou, PRC\* (常州市新北區時代商務廣場中創大廈15樓) in the PRC (the “Changzhou Property”) with a GFA of approximately 291 sq.m. for office use. The reason for entering into the Tenancy Agreement was that we have been using the Changzhou Property for years and any relocation will cause unnecessary disruption.

On 31 December 2015, Changzhou Tian Yu, as lessor, and Changzhou Jinyuan, as lessee, entered into a tenancy agreement (the “Tenancy Agreement”), pursuant to which Changzhou Tian Yu agreed to lease the Changzhou Property to Changzhou Jinyuan as office for a term of one year from 1 January 2016 to 31 December 2016 at the rent of RMB100,000 per annum exclusive of utilities charges and other outgoings which are payable by Changzhou Jinyuan. Pursuant to the Tenancy Agreement, Changzhou Tian Yu shall grant Changzhou Jinyuan a right of first refusal in the event that Changzhou Tian Yu wishes to transfer the Changzhou Property.

Our Directors consider that the rental in respect of the Changzhou Property is comparable to the market level of similar properties in the locality and is fair and reasonable with reference to the market data on rentals of similar properties in the locality. Our Directors have confirmed that the transaction under the Tenancy Agreement is in the ordinary and usual course of business of our Group, on normal commercial terms or better, fair and reasonable and in the interests of our Company and Shareholders as a whole.

As all of the applicable percentage ratios (except profits ratio) in respect of the annual rent of the Tenancy Agreement are less than 0.1%, the transaction contemplated thereunder constitutes a *de minimis* continuing connected transaction exempt from reporting, announcement and independent shareholders’ approval requirement as set out in Chapter 14A of the Listing Rules.

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS**

Upon Listing, the transactions set forth below will constitute non-exempt continuing connected transactions for our Company under the Listing Rules:

#### **Intelligent System Equipment Procurement Framework Agreement**

##### ***Background***

During the Track Record Period, we entered into intelligent system equipment procurement agreements and purchased a variety of intelligent system equipments including security monitoring equipment, video intercom system, access control equipment and alarm system for some of our property development projects (the “Intelligent System Equipment”) from Zhejiang Xigu and Jiaying Deyu (collectively, the “ISE Suppliers”). As of the Latest Practicable Date, certain intelligent system equipment procurement agreements for our property projects under development had not been completed and would continue after Listing. The ISE Suppliers also provide services to other third party customers other than our Group.

##### ***Material terms***

On 12 February 2016, our Company entered into an intelligent system equipment procurement framework agreement with Zhejiang Xigu and Jiaying Deyu to govern the procurement of the Intelligent System Equipment by our Group for its property development projects in the PRC from the ISE Suppliers (the “Intelligent System Equipment Procurement Framework Agreement”).

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## CONTINUING CONNECTED TRANSACTIONS

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Under the Intelligent System Equipment Procurement Framework Agreement, the ISE Suppliers (i) have confirmed that they would continue to supply Intelligent System Equipment and to provide us with the installation and debugging services under the existing procurement agreements; and (ii) have agreed that they would supply such products and services to the members of our Group from time to time for our new property development projects or new phases of the existing projects.

The parties will enter into specific implementation agreements in connection with procurement of Intelligent System Equipment in accordance with the Intelligent System Equipment Procurement Framework Agreement after arm's length negotiations, which will set out specific terms, such as the product price, quantity, standard, specifications and delivery time of the Intelligent System Equipment, provided that, the aggregate purchase amounts of the Intelligent System Equipment for each year shall not exceed the corresponding annual cap as set out in the paragraph headed "Annual caps and basis of caps" in this section below.

The Intelligent System Equipment Procurement Framework Agreement will be effective from the Listing Date until 31 December 2018.

### *Pricing Policy*

The purchase amounts will be determined by reference to the prevailing market prices of similar Intelligent System Equipment taking into consideration of the expected quality and services rendered by the ISE Suppliers, and on similar terms of payment and delivery offered to our Group. To ascertain the prevailing market price and ensure that the terms of purchase offered by the ISE Suppliers are no less favourable to our Group than those available from independent third parties, our Group will obtain quotations for comparable products from other independent suppliers shortlisted and approved by us, in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner.

### *Historical transaction amounts*

The aggregate purchase amounts paid by us to the ISE Suppliers for each of the three years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015 were approximately RMB19.2 million, RMB24.9 million, RMB8.6 million and RMB8.3 million, respectively.

### *Annual caps and basis of caps*

We expect the aggregate annual purchase amounts to be paid by us for each of the three years ending 31 December 2016, 2017 and 2018 will be approximately RMB26.3 million, RMB26.2 million and RMB13.3 million, respectively.

The above annual caps are arrived by reference to (i) the outstanding contract fees for the unrendered services under the existing procurement agreements which is estimated to be approximately RMB4.0 million for the year ending 31 December 2016; (ii) our estimation on the demand for the uncontracted Intelligent System Equipment, projected with reference to the aggregate GFA under development and planned GFA for future development of approximately 1.65 million sq.m. for our 9 new phases of existing property development projects, which we may procure the Intelligent System Equipment from the ISE Suppliers during 2016 to 2018 according to our development schedule; and the estimated average unit procurement fee of approximately RMB41.5 per sq.m. spread out over the 3-year period by reference to the historical unit procurement fees for completed phases of corresponding property development projects; (iii) the historical purchase amounts paid to the ISE Suppliers by our Group for the completed phases during the Track Record Period, with unit procurement fees ranging from approximately RMB22 to RMB61 per sq.m. depending on the types of property and the Intelligent System Equipment required in the particular project; and (iv) a reasonable increment of the purchase price payable to the ISE Suppliers taking into account the expected inflation rate and increases in costs for the three years ending 31 December 2018. The proposed annual caps for the years ending 31 December 2016 and 2017 are larger than the historical transaction amounts as we expect these years to be the peak completion period whereby substantial amount of our new phases of property development project will be completed.

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## CONTINUING CONNECTED TRANSACTIONS

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### **Architecture Design Service Framework Agreement**

#### ***Background***

During the Track Record Period, we engaged Jiaxing Boyuan for providing us with architecture design service for some of our property development projects including (i) formulating the proposal, the preliminary design plan and the construction plan; and (ii) supervising the implementation of relevant design plan and construction plan for projects under construction (the “Architecture Design Service”). As of the Latest Practicable Date, certain architecture design service agreements for our property projects under development had not been completed and would continue after Listing. Jiaxing Boyuan also provides services to other third party customers other than our Group.

#### ***Material terms***

On 12 February 2016, our Company entered into an architecture design service framework agreement with Jiaxing Boyuan to govern the provision of the Architecture Design Service by Jiaxing Boyuan to our Group for its property development projects (the “Architecture Design Service Framework Agreement”).

Under the Architecture Design Service Framework Agreement, Jiaxing Boyuan (i) has confirmed that it would continue to provide us with the Architecture Design Service under the existing service agreements; and (ii) has agreed that it would provide such services to members of our Group from time to time for our new property development projects or new phases of the existing projects.

The parties will enter into specific implementation agreements in connection with the provision of the Architecture Design Service in accordance with the Architecture Design Service Framework Agreement after arm’s length negotiations, which will set out specific terms, such as the unit service fee, the size of the project, the design requirement, standard and specification, provided that, the service fees for the provision of the Architecture Design Service for each year shall not exceed the corresponding annual cap as set out in the paragraph headed “Annual caps and basis of caps” in this section.

The Architecture Design Service Framework Agreement will be effective from the Listing Date until 31 December 2018.

#### ***Pricing Policy***

The service fees will be determined by reference to the prevailing market prices of similar Architecture Design Service taking into consideration of the qualification, experience, expected quality and services rendered by Jiaxing Boyuan. To ascertain the prevailing market price and ensure that the terms of service offered by Jiaxing Boyuan are no less favourable to our Group than those available from independent third parties, our Group will obtain quotations for comparable services from other independent service providers shortlisted and approved by us, in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner.

#### ***Historical transaction amounts***

The aggregate service fees paid by us to Jiaxing Boyuan for each of the three years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015 were approximately RMB4.3 million, RMB53.0 million, RMB8.7 million and RMB32.0 million, respectively.

#### ***Annual caps and basis of caps***

We expect the aggregate annual service fees to be paid by us for each of the three years ending 31 December 2016, 2017 and 2018 will be approximately RMB59.1 million, RMB39.7 million and RMB31.4 million, respectively.

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## CONTINUING CONNECTED TRANSACTIONS

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The above annual caps are arrived by reference to: (i) the outstanding contract fees for the unrendered services under the existing service agreements, which is estimated to be approximately RMB32.4 million, RMB13.0 million and RMB8.1 million for the years ending 31 December 2016, 2017 and 2018, respectively; (ii) our estimation on the demand for the uncontracted Architecture Design Service, projected with reference to the aggregate planned GFA for future development of approximately 1.6 million sq.m. for our new phases of existing property development projects, which we may engage Jiaxing Boyuan to provide us with the Architecture Design Service during 2016 to 2018 according to our development schedules; and the average unit service fee for completed phases of corresponding property development projects; (iii) the historical service fees paid to Jiaxing Boyuan by our Group for the completed projects during the Track Record Period, with unit service fees ranging from approximately RMB42 to RMB123 per sq.m. depending on the types of property and the Architecture Design Service required in the particular project; and (iv) a reasonable increment of the service fees payable to Jiaxing Boyuan taking into account the expected inflation rate and increases in costs for the three years ending 31 December 2018.

### **Property Management Service Framework Agreement**

#### ***Background***

During the Track Record Period, we engaged Jia Yuan Property for providing us with pre-delivery property management service including property maintenance, site security, gardening, cleaning and other ancillary services (the “Property Management Service”) for all of our property development projects prior to the establishment of an owners’ committee of the relevant building developed by us. As of the Latest Practicable Date, certain property management service agreements for our property projects had not been completed and would continue after Listing. Jia Yuan Property also provides services to other third party customers other than our Group.

#### ***Material terms***

On 12 February 2016, our Company entered into a property management service framework agreement with Jia Yuan Property to govern the provision of the Property Management Service by Jia Yuan Property to our Group for its property development projects (the “Property Management Service Framework Agreement”).

Under the Property Management Service Framework Agreement, Jia Yuan Property (i) has confirmed that it would continue to provide the Property Management Service under the existing service agreements; and (ii) has agreed that it would provide such services to members of our Group from time to time for our new property development projects or new phases of the existing projects.

The parties will enter into specific implementation agreements in connection with the provision of the Property Management Service in accordance with the Property Management Service Framework Agreement, which will set out specific terms, such as the unit management fees, GFA of the relevant properties and the scope of service, provided that, the aggregate management fees for the provision of Property Management Service for each year shall not exceed the corresponding annual cap as set out in the paragraph headed “Annual caps and basis of caps” in this section.

The Property Management Service Framework Agreement will be effective from the Listing Date until 31 December 2018.

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## CONTINUING CONNECTED TRANSACTIONS

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### *Pricing and tendering policy*

The management fee is determined with reference to the guidance rate set by the relevant government authorities and the GFA of the relevant property development projects. In accordance with the relevant PRC property management laws and regulations, our Group conducts a tender process to select and appoint professional property management companies to provide us with the Property Management Services. We maintain a standard and systematic tender submission procedures which applies to both connected persons and Independent Third Parties. Under such tender procedures, a bid evaluation committee consisting of our representative(s) and independent property management experts will assess and evaluate each submitted bid under a set of criteria, including the submitted tender price, the reputation and the management policies and procedures of such property management companies, and our Group will select and appoint the candidate adhering the recommendation from the bid evaluation committee.

### *Historical transaction amounts*

For each of the three financial years ended 31 December 2014, we were not required by Jia Yuan Property to pay, and did not pay any management fees to Jia Yuan Property in respect of the Property Management Service provided to us. Since 2015, we commenced to pay Jia Yuan Property for the Property Management Service rendered. For the eight months ended 31 August 2015, the management fees paid by us to Jia Yuan Property were approximately RMB2.0 million.

### *Annual caps and basis of caps*

We expect the aggregate annual management fees to be paid by us for each of the three years ending 31 December 2016, 2017 and 2018 will be approximately RMB17.0 million, RMB18.3 million and RMB20.7 million, respectively.

The above annual caps are derived based on (i) the management fees payable for the contracted Property Management Service under the signed management agreements, which amounts to approximately RMB17.0 million, RMB14.6 million and 19.7 million for the years ending 31 December 2016, 2017 and 2018 respectively; (ii) our estimation on the demand for the uncontracted Property Management Service, projected with reference to the aggregate GFA under development and planned GFA for future development of approximately 0.4 million sq.m. for our new phases of existing property development projects, which we expect to complete the development and may engage Jia Yuan Property to provide us with the Property Management Service during 2017 to 2018; (iii) the average unit management fee of RMB2 per sq.m. under the signed management agreements; and (iv) a reasonable increment of the guidance rate taking into account the historical increment.

### **Implication under Listing Rules**

*Intelligent System Equipment Procurement Framework Agreement*: as all of the applicable percentage ratios (except profits ratio) in respect of the annual caps of this non-exempt continuing connected transaction are less than 5% on an annual basis, the transactions contemplated under the Intelligent System Equipment Procurement Framework Agreement will be subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement, as set out in Chapter 14A of the Listing Rules.



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## CONTINUING CONNECTED TRANSACTIONS

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*Architecture Design Service Framework Agreement:* as all of the applicable percentage ratios (except profits ratio) in respect of the annual caps of this non-exempt continuing connected transaction are less than 5% on an annual basis, the transactions contemplated under the Architecture Design Service Framework Agreement will be subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

*Property Management Service Framework Agreement:* as all of the applicable percentage ratios (except profits ratio) in respect of the annual caps of this non-exempt continuing connected transaction are less than 5% on an annual basis, the transactions contemplated under the Property Management Service Framework Agreement will be subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement as set out in Chapter 14A of the Listing Rules.

### **Application for waivers**

As the continuing connected transactions contemplated under each of the Intelligent System Equipment Procurement Framework Agreement, the Architecture Design Service Framework Agreement and the Property Management Service Framework Agreement will continue after the Listing on a recurring basis, our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be unduly burdensome and would incur unnecessary administrative costs to our Company each time when such transactions arise. With respect to the above continuing connected transactions, we have, pursuant to Rule 14A.105 of the Listing Rules, applied for and the Stock Exchange has agreed to grant a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules.

We have compiled and will comply with the written agreement requirement under Rule 14A.34 of the Listing Rules, the annual reporting requirement under Rule 14A.49 of the Listing Rules and other requirements applicable under Chapter 14A of the Listing Rules.

### **Confirmation from our Directors**

Our Directors (including our independent non-executive Directors) confirm that the above continuing connected transactions have been entered into in the ordinary and usual course of business of our Group and are based on normal commercial terms that are fair and reasonable and in the interest of our Company and our Shareholders as a whole, and that the terms of each of the Intelligent System Equipment Procurement Framework Agreement, the Architecture Design Service Framework Agreement and the Property Management Service Framework Agreement and their respective annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

### **Confirmation from the Sole Sponsor**

The Sole Sponsor considers that the above continuing connected transactions have been entered into in the ordinary and usual course of business of our Group and are based on normal commercial terms that are fair and reasonable and in the interest of our Company and our Shareholders as a whole, and that the terms of each of the Intelligent System Equipment Procurement Framework Agreement, the Architecture Design Service Framework Agreement and the Property Management Service Framework Agreement and their respective annual caps are fair and reasonable and in the interests of our Company and our Shareholders as a whole.



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## CONTINUING CONNECTED TRANSACTIONS

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### RELATED PARTY TRANSACTIONS

Our Group entered into certain related party transactions with its related parties during the Track Record Period (the “Related Party Transactions”). Details of the Related Party Transactions are set out in note 39 in the accountants’ report set out in Appendix I to this prospectus.

Save and except for the continuing connected transactions which are expected to continue after the Listing, all other Related Party Transactions have either been discontinued or settled or are expected to be discontinued or settled upon or prior to the Listing.

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## DIRECTORS AND SENIOR MANAGEMENT

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### DIRECTORS

Our Board consists of seven members, comprising one non-executive Director, three executive Directors and three independent non-executive Directors. Our Directors were all elected at the Shareholders' meetings, who are subject to retirement, re-election and re-appointment in accordance with the Articles. All our executive Directors have entered into service contracts with our Group.

The duties and powers conferred on our Board include, among other matters:

- (1) performing the corporate governance duties;
- (2) convening Shareholders' meetings and reporting its work to the Shareholders;
- (3) implementing the Shareholders' resolutions;
- (4) formulating our Company's business plans and investment plans, and formulating our Company's annual budget and final accounts;
- (5) formulating our Company's proposals for profit distributions and recovery of losses;
- (6) formulating our Company's proposals for the increase or reduction of registered capital; and
- (7) exercising other duties and powers as conferred by the Articles.

Our Board is responsible and has general powers for the management and conduct of our business.

The following table sets out information regarding our Directors:

Name	Age	Position	Date of Appointment to Our Board	Principal Responsibilities
Shum Tin Ching (沈天晴) (also known as Shen Yuxing (沈玉興))	57	Chairman & Non-executive Director	5 May 2015	Responsible for overall strategic planning of our Group
Huang Fuqing (黃福清)	54	Executive Director	27 July 2015	Responsible for (i) overseeing the day-to-day operation and overall management of our Group, and (ii) our Group's real estate development projects located in Jiangsu Province, including Nanjing and Taizhou
Cheuk Hiu Nam (卓曉楠)	41	Executive Director & Chief Executive Officer	27 July 2015	Responsible for overall administration and human resource of our Group

## DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position	Date of Appointment to Our Board	Principal Responsibilities
Wang Jianfeng (王建鋒)	48	Executive Director	27 July 2015	Responsible for strategic planning and identifying of new real estate development projects for our Group
Tai Kwok Leung, Alexander (戴國良)	58	Independent non-executive Director	12 February 2016	Providing independent views on management of our Group
Cheung Wai Bun, Charles (張惠彬)	79	Independent non-executive Director	12 February 2016	Providing independent views on management of our Group
Gu Yunchang (顧雲昌) (also known as Gu Yongchuang (顧勇闖))	71	Independent non-executive Director	12 February 2016	Providing independent views on management of our Group

### Chairman and non-executive Director

**Mr. Shum Tin Ching** (沈天晴), also known as Shen Yuxing (沈玉興), aged 57, is the chairman of our Board, the non-executive Director, the chairman of the nomination committee of our Company and the founder of our Group. He was appointed as a Director on 5 May 2015 and designated as the non-executive Director on 27 July 2015 for the purposes of enhancing management independence and corporate governance. Mr. Shum's principal responsibilities include overall strategic planning of our Group, and he will not participate in the day-to-day management of the business operations of our Group.

Mr. Shum graduated from Zhejiang Broadcasting and Television College\* (浙江廣播電視大學) and obtained a diploma in Industrial Enterprise Management in December 1986. He was recognised as a senior economist by Human Resource Department of Zhejiang Province\* (浙江省人事廳) in December 2006.

Mr. Shum has approximately 20 years of experience in the industry of real estate development. In 1995, he founded Jia Yuan Chuangsheng, a company principally engaged in property development in Jiaying, Zhejiang Province, of which he had acted as a director since April 1995. He was the director of Hong Kong Jia Yuan from April 2008 to November 2015, the director of Jiayuan Investment from May 2015 to November 2015 and a director of Guo Xiang from August 2013 to November 2015.

Mr. Shum was a director of the following companies which were incorporated in Hong Kong and were struck off under section 291 of the old Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the relevant details are as follows:

Company name	Nature of business before dissolution	Date of striking off (Note)	Reason for dissolution
Jin Jiang Holding Limited (錦江集團有限公司)	Investment	25 April 2003	Cessation of business
Jin Jiang International Co. Limited (錦江國際有限公司)	Investment	25 April 2003	Cessation of business

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## DIRECTORS AND SENIOR MANAGEMENT

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*Note:* Striking off is an action initiated by the Registrar of Companies in Hong Kong to strike the name of a company off the register of companies where he has reasonable cause to believe that the company is not carrying on business or in operation and the company shall be dissolved when its name is struck off from the register of companies.

Mr. Shum was a legal representative or director of the following companies which were established in the PRC prior to their respective revocation of business licences and the relevant details are as follows:

<b>Company name</b>	<b>Position held</b>	<b>Nature of business before revocation</b>	<b>Date of revocation</b>	<b>Reason for revocation</b>
Shanghai Jinxin Property Co., Ltd.* (上海錦鑫置業有限公司) ("Shanghai Jinxin")	Legal representative and chairman	Real estate development	5 November 2002	Shanghai Jinxin ceased operation and did not undergo annual inspection as required under the relevant PRC regulations
Jiaxing Taiyi Industry and Commerce Co., Ltd.* (嘉興太一工貿有限責任公司) ("Jiaxing Taiyi")	Director and general manager	Trading	10 December 2007	Jiaxing Taiyi ceased operation and did not undergo annual inspection as required under the relevant PRC regulations

As advised by our PRC Legal Adviser, pursuant to the relevant PRC laws and regulations, if a person acted as the legal representative of a company whose business licence was revoked due to violation of law and if that person was personally responsible for the revocation of the business licence, then for a period of three years from the date of the revocation of the business licence, that person shall not serve as a director, supervisor, general manager or legal representative of any other company in the PRC.

Mr. Shum has confirmed that as Shanghai Jinxin did not undergo annual inspection due to the negligence of its other officer, he was not personally liable for the revocation of the business licence of Shanghai Jinxin (the "Revocation of Business Licence"). During the period of three years from 5 November 2002 (being the date of Revocation of the Business Licence) (the "Revocation Date"), Mr. Shum was, amongst other PRC companies, the legal representative and the chairman of the board of Zhejiang Jia Yuan Group. Mr. Shum has obtained a confirmation dated 21 October 2015 issued by Jiaxing Administration for Industry and Commerce, Nanhu Branch (嘉興市工商局南湖分局) ("Nanhu AIC") confirming that nothing has come to its notice that Mr. Shum lacks the qualification for acting as the legal representative, director, supervisor and senior management of Zhejiang Jia Yuan Group. As advised by our PRC Legal Adviser, Nanhu AIC is the competent authority issuing the above confirmation. Our PRC Legal Adviser advised that, (i) according to the then effective PRC Company Law and the Provisions on Administration of Enterprise Legal Person's Legal Representative Registration (《企業法人法定代表人登記管理規定》), Mr. Shum is no longer subject to any restriction in acting as a director, supervisor or senior management in any PRC companies as a result of the Revocation of Business Licence since the expiry of the three-year-period from the Revocation Date (i.e. since 4 November 2005) and (ii) based on the consultation with Nanhu AIC, in general, they will only impose penalties on companies which engaged a person whose qualification has been restricted as their legal representative, director, supervisor and senior management but not on the subject person, therefore, the risk that Mr. Shum will be personally imposed penalties for acting as legal representative, director, supervisor and senior management of other PRC companies during the aforementioned period is remote.

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## DIRECTORS AND SENIOR MANAGEMENT

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Have considered (i) our PRC Legal Adviser's above opinion; (ii) the confirmation from Nanhu AIC stated above; and (iii) the Revocation of Business Licence was mainly due to oversight of the officer of Shanghai Jinxin and did not involve any act of intentional misconduct, dishonesty, fraudulence or suggest any issue of integrity or management ability on the part Mr. Shum which would affect his suitability as a director of a listed company; and (iv) Mr. Shum confirmed that he will attend trainings to be provided by our PRC Legal Adviser on the latest development of PRC laws and regulations applicable to our operations and regular trainings to be provide by our Hong Kong legal adviser to enhance his awareness, knowledge and understanding on his duties and obligations as a director under the Listing Rules, our Directors take the view that Mr. Shum has the character, experience and integrity required for a Director, and hence is suitable to act as a Director pursuant to Rules 3.08 and Rule 3.09 of the Listing Rules.

As at the Latest Practicable Date, Mr. Shum held the entire issued share capital of Mingyuan Investment, which in turn held the entire issued share capital of our Company.

### Executive Directors

**Mr. Huang Fuqing (黃福清)**, aged 54, is an executive Director. He was appointed as an executive Director on 27 July 2015. He is primarily responsible for (i) overseeing the day-to-day operation and overall management of our Group, and (ii) our Group's real estate development projects located in Jiangsu Province, including Nanjing and Taizhou. Mr. Huang also acts as a director of Yangzhou Mingyuan, Yangzhou Hengyuan, Yangzhou Guangyuan, Taizhou Jia Yuan, Taizhou Mingyuan, Taixing Guangyuan, Taixing Mingyuan, Taixing Hengyuan, Suqian Jia Yuan, Siyang Fengyuan, Changzhou Jinyuan, Nanjing Xinhaoning, Nanjing Jia Feng and Nanjing Gangyuan, respectively.

Mr. Huang has approximately 17 years of experience in the industry of real estate development. He has been working as the general manager (in mainland China) of Hong Kong Jia Yuan since December 2014 and the general manager of Nanjing Xinhaoning since September 2014. From September 2013 to December 2014, he took up the position of the general manager of Changzhou Jinyuan. He worked in Zhejiang Jia Yuan Group from January 2011 till he resigned from the position of the executive general manager in December 2014. During the Track Record Period, Mr. Huang also participated in the preparation for and was responsible for the day-to-day management of Zijin Mansion, our property development project in Nanjing which is under development and to be completed by 2017. Formerly, Mr. Huang served as the general manager of Changzhou Tian Yu from January 2010 to December 2010, the general manager of Changzhou Zhongchuang Property Development Co., Ltd.\* (常州市中創房地產開發有限公司) from December 2002 to December 2009, and the manager of Changzhou City Changxin Property Development Co., Ltd.\* (常州市常信房地產開發有限公司) from December 1998 to December 2002.

**Ms. Cheuk Hiu Nam (卓曉楠)**, aged 41, is an executive Director, the Chief Executive Officer and a member of the remuneration committee of our Company. Ms. Cheuk was appointed as an executive Director on 27 July 2015. She is primarily responsible for overall administration and human resource of our Group. Ms. Cheuk also acts as a director of Yangzhou Mingyuan, Yangzhou Hengyuan, Yangzhou Guangyuan, Taizhou Jia Yuan, Taizhou Mingyuan, Taixing Guangyuan, Taixing Mingyuan, Taixing Hengyuan, Suqian Jia Yuan, Siyang Fengyuan and Guo Xiang, respectively. Ms Cheuk is also the director of Hong Kong Jia Yuan, Jiayuan Investment, Jiayuan Commercial Properties and Jiayuan Commercial Properties (HK).

Ms. Cheuk has approximately 13 years of experience in management. Ms. Cheuk has been working as the general manager of Hong Kong Jia Yuan since January 2014. Formerly, Ms. Cheuk worked at Hong Kong Institute of Technology and took up the positions of the Dean of Faculty of Business, the Vice President, the chairperson of the Quality Assurance Committee, the chairperson of the Student Affairs

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## DIRECTORS AND SENIOR MANAGEMENT

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Committee, a member of the Board of Governors, a member of the Academic Board and a member of Finance Sub-Committee from February 2003 to November 2013, of which she was responsible for overall management, strategic and academic planning as well as supervising the financial matters and the human resource.

Ms. Cheuk graduated from Pace University (New York) and obtained a master degree of science in June 2001. She graduated from University of London and obtained a master degree of science in December 1997. Previously, she graduated from The Chinese University of Hong Kong and obtained a bachelor degree in Business Administration in May 1995.

**Mr. Wang Jianfeng (王建鋒)**, aged 48, is an executive Director. Mr. Wang was appointed as an executive Director on 27 July 2015. He is primarily responsible for strategic planning and identifying of new real estate development projects for our Group.

Mr. Wang has approximately 25 years of experience in the real estate development industry. He has been working as the deputy general manager of Hong Kong Jia Yuan since January 2014. Formerly, Mr. Wang worked as the deputy general manager of the strategic development center of Zhejiang Jia Yuan Group from June 2012 to February 2013, the general manager of Huzhou Xinyuan from December 2009 to June 2012, the general manager of Jia Yuan Chuangsheng from July 2009 to November 2009, the general manager of Hangzhou Yinxi Jiulong Property Development Co., Ltd.\* (杭州銀溪九龍房地產開發有限公司) from 2006 to 2008, the deputy general manager of Hangzhou Sanyou Property Development Co., Ltd.\* (杭州三優房地產開發有限公司) from 1998 to the end of 2005, and the construction team leader of Shanghai Branch of Ganjianyi Company\* (甘建一公司上海分公司) from 1991 to 1998.

Mr. Wang graduated from Shanghai Architecture and Engineering College\* (上海建築工程學院) and obtained a diploma in Industrial and Civil Architecture in September 1990.

### Independent non-executive Directors

**Mr. Tai Kwok Leung, Alexander (戴國良)**, aged 58, is an independent non-executive Director appointed on 12 February 2016 and is the chairman of the audit committee and a member of remuneration committee of our Company.

Mr. Tai has been working as a director of Investec Capital Asia Limited, a licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities since August 2007.

The following table sets out the directorships and committee memberships in public companies that are listed on the Stock Exchange, which Mr. Tai currently holds or held (as the case may be) in the three years prior to the Latest Practicable Date:

Listed Public Company	Relevant exchange	Position	Term of Office
Anhui Conch Cement Company Limited (安徽海螺水泥股份有限公司) (stock code: 914)	The Stock Exchange (Main Board)	Independent non-executive director, a member of the audit committee, the remuneration committee and the nomination committee	Since 28 May 2013



## DIRECTORS AND SENIOR MANAGEMENT

Listed Public Company	Relevant exchange	Position	Term of Office
Luk Fook Holdings (International) Limited (六福集團(國際)有限公司) (stock code: 590)	The Stock Exchange (Main Board)	Independent non-executive director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee	Since 24 July 2008
First Credit Finance Group Limited (第一信用金融集團有限公司) (stock code: 8215)	The Stock Exchange (Growth Enterprise Market)	Non-executive director	From 2 September 2010 to 29 April 2013
Honghua Group Limited (宏華集團有限公司) (stock code: 196)	The Stock Exchange (Main Board)	Independent non-executive director and a member of the audit committee	From 18 January 2008 to 19 March 2014

Mr. Tai graduated from the Victoria University of Wellington in New Zealand and obtained a bachelor degree in Commerce and Administration in April 1982. He became an associate member of the Hong Kong Institute of Certified Public Accountants in October 1983.

**Dr. Cheung Wai Bun, Charles (張惠彬)**, JP, aged 79, is an independent non-executive Director appointed on 12 February 2016, and is the chairman of the remuneration committee and a member of the audit committee and the nomination committee of our Company respectively.

Dr. Cheung is currently working as a director and the vice chairman of the executive committee of Metropolitan Bank (China) Ltd. (首都銀行(中國)有限公司). In addition, Dr. Cheung is presently a council member of the Hong Kong Institute of Directors, a member of Hospital Governing Committee of both Kowloon Hospital and Hong Kong Eye Hospital, and a member of Regional Advisory Committee of Kowloon, Hospital Authority. Dr. Cheung was formerly the chief executive and the executive deputy chairman of Mission Hills Group, Hong Kong from 1995 to 2007, and a former director and an adviser of the Tung Wah Group of Hospitals (東華三院) during the period from April 1981 to March 1983. He possesses extensive banking, finance and commercial experiences.

The following table sets out the directorships and committee memberships in public companies that are listed on the Stock Exchange, which Dr. Cheung holds or held (as the case may be) in the three years prior to the Latest Practicable Date:

Listed public company	Relevant exchange	Position	Term of office
Pioneer Global Group Limited (建生國際集團有限公司) (stock code: 224)	The Stock Exchange (Main Board)	Independent non-executive director; the chairman of the audit committee; a member of the remuneration committee and the nomination committee	Since 26 May 1989

## DIRECTORS AND SENIOR MANAGEMENT

Listed public company	Relevant exchange	Position	Term of office
China Financial International Investments Limited (中國金融國際投資有限公司) (stock code 0721)	The Stock Exchange (Main Board)	Independent non-executive director; the chairman of the audit committee and nomination committee; and a member of the remuneration committee and the risk management committee	Since 1 March 2001
Grand T G Gold Holdings Limited (大唐滄金控股有限公司*) (stock code: 8299)	The Stock Exchange (Growth Enterprise Market)	Independent non-executive director; the chairman of the board; the chairman of the remuneration committee and nomination committee and a member of the audit committee	Since 17 July 2009
Universal Technologies Holdings Limited (環球實業科技控股有限公司) (stock code: 1026)	The Stock Exchange (Main Board)	Independent non-executive director; a member of the audit committee and the nomination committee; the chairman of the remuneration committee	Since 6 September 2011
Zebra Strategic Holdings Limited (施伯樂策略控股有限公司) (stock code: 8260)	The Stock Exchange (Growth Enterprise Market)	Independent non-executive director; the chairman of the nomination committee and a member of the audit committee	Since 1 September 2014
Galaxy Entertainment Group Limited (銀河娛樂集團有限公司) (stock code: 27)	The Stock Exchange (Main Board)	Non-executive director	Since 12 October 2015
Modern Dental Group Limited (現代牙科集團有限公司) (stock code: 3600)	The Stock Exchange (Main Board)	Independent non-executive director, the chairman of the audit committee, a member of the remuneration committee and nomination committee	Since 15 December 2015
Shanghai Electric Group Company Limited (上海電氣集團股份有限公司) (stock code: 2727)	The Stock Exchange (Main Board)	Independent non-executive director, the chairman of the audit committee and a member of the nomination committee	From 16 November 2007 to 26 February 2014

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## DIRECTORS AND SENIOR MANAGEMENT

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Dr. Cheung holds an honorary doctor's degree awarded by John Dewey University of USA in 1984, a master degree in Business Administration and a bachelor of science degree in Accounting and Finance awarded by New York University U.S.A. in June 1962 and February 1960, respectively. He was awarded Listed Company Non-Executive Director Award of 2002 by the Hong Kong Institute of Directors. In December 2010, Dr. Cheung received three awards, namely (1) Outstanding Management Award issued by The Chartered Management Association; (2) Outstanding Director Award issued by The Chartered Association of Directors; and (3) Outstanding CEO Award issued by The Asia Pacific CEO Association.

Dr. Cheung was a director of the following companies which were incorporated in Hong Kong and were struck off under s. 291 of the old Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the relevant details are as follows:

Name of company	Nature of business before dissolution	Date of striking off (Note)	Reason for Dissolution
Cheeroads Limited (至隆有限公司)	Investment	21 September 2001	Inactive
Pleasure Ship Company Limited (華瑤有限公司)	Investment	21 September 2001	Inactive
Gable Roof Company Limited	Investment	20 July 2001	Inactive
Speco King Company Limited (全賢有限公司)	Investment	20 July 2001	Inactive
Totland Limited	Investment	20 July 2001	Inactive
Elite Events Limited	Wedding planning	15 March 2002	Inactive
Prime King Consultant Limited (英皇顧問有限公司)	Consultancy	26 April 2002	Inactive
Netsbury Limited	Investment	12 July 2002	Inactive
The Sun Yau Society Of Twghs Limited (東華辛酉會有限公司)	Charity and social	22 November 2002	Inactive
Kan Yip Company Limited	Investment	21 March 2003	Inactive

*Note:* Striking off is an action initiated by the Registrar of Companies in Hong Kong to strike the name of a company off the register of companies where he has reasonable cause to believe that the company is not carrying on business or in operation and the company shall be dissolved when its name is struck off from the register of companies.

**Mr. Gu Yunchang** (顧雲昌), also known as Gu Yongchuang (顧勇闖), aged 71, is an independent non-executive Director appointed on 12 February 2016, and is a member of the audit committee and the nomination committee of our Company respectively.

Mr. Gu acted as the vice chairman of the fifth Council Committee of China Real Estate Research Association\* (中國房地產研究會) in 2009, the vice chairman of China Real Estate and Housing Association\* (中國房地產及住宅研究會) in 2005 and the general secretary of China Real Estate Associate\* (中國房地產業協會) in 1998.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Gu formerly held different positions of the Ministry of Construction of the PRC (中華人民共和國建設部), including the deputy director at the Policy Research Centre of Ministry of Construction of the PRC\* (中華人民共和國建設部政策研究中心) from December 1988 to July 1998, the Deputy Division Head and Division Head at Urban Residence Bureau of Ministry of Construction\* (中華人民共和國建設部城市住房局) in 1982 and 1985, respectively.

Mr. Gu graduated from Tongji University (同濟大學) and specialised in Urban Planning in July 1966. Mr. Gu specialises in theory and policy research, market research and analysis concerning China real estate industry. In the 1980s, he participated in the policy research and formulation of city and village residential construction techniques in China, leading the project “2000 China”, and won the First Class National Science Technology Advance Award in China in April 1988 and December 1989 respectively.

The following table sets out the directorships and committee membership in public companies that are listed on the securities market in Hong Kong and overseas, which Mr. Gu currently holds or held (as the case may be) in the three years prior to the Latest Practicable Date:

Listed public company	Relevant exchange	Position	Term of office
Sino-Ocean Land Holdings Limited (遠洋地產控股有限公司) (stock code: 3377)	The Stock Exchange (Main Board)	Independent non-executive director; and a member of the audit committee, the remuneration committee and the nomination committee	Since 7 June 2007
CIFI Holdings (Group) Co., Ltd. (旭輝控股(集團)有限公司) (stock code: 0884)	The Stock Exchange (Main Board)	Independent non-executive director; and a member of the audit committee and the nomination committee	Since 9 October 2012
COFCO Property (Group) Co., Ltd. (中糧地產(集團)股份有限公司) (SZSE stock code: 0031)	The Shenzhen Stock Exchange	Independent non-executive director	Since 23 April 2012
Zhejiang Yasha Decoration Co., Ltd. (浙江亞廈裝飾股份有限公司) (SZSE stock code: 2375)	The Shenzhen Stock Exchange	Independent non-executive director	Since May 2013

## DIRECTORS AND SENIOR MANAGEMENT

Listed public company	Relevant exchange	Position	Term of office
Sunshine 100 China Holdings Ltd. (陽光100中國控股有限公司) (stock code: 2608)	The Stock Exchange (Main Board)	Independent non-executive director; and a member of the audit committee, the remuneration committee and the nomination committee	Since 17 February 2014
E-House (China) Holdings Limited (易居(中國)控股有限公司) (NYSE stock code: EJ)	The New York Stock Exchange	Independent non-executive director	From August 2008 to March 2014

Mr. Gu was a director of Beijing Jinhehui Consultation Co., Ltd.\* (北京金合慧諮詢有限公司) (“Beijing Jinhehui”), a limited company established under the laws of the PRC and principally engaged in the provision of consultancy service, prior to the revocation of its business licence. The business licence of Beijing Jinhehui was revoked on 26 December 2007 due to its failure to undergo annual inspection as required under the relevant PRC regulations after cessation of business.

Save as disclosed above, each of our Directors (i) did not hold other positions in our Company or other members of our Group as at the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or controlling shareholders of our Company as at the Latest Practicable Date; (iii) did not hold any other directorships in listed public companies in the three years prior to the Latest Practicable Date; and (iv) did not have any interest in our Shares within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matters with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

### SENIOR MANAGEMENT

The following table below sets out information regarding our senior management:

Name	Age	Position	Date of involvement in Our Business	Responsibilities
Shen Hongjie (沈宏杰)	33	General Manager of Suqian Jia Yuan	December 2005	Responsible for our Group’s real estate development projects located in Suqian, Jiangsu Province

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## DIRECTORS AND SENIOR MANAGEMENT

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Name	Age	Position	Date of involvement in Our Business	Responsibilities
Yuan Zhaolin (袁兆林)	45	General Manager of Yangzhou Mingyuan	April 2009	Responsible for our Group's real estate development projects located in Yangzhou, Jiangsu Province
Gao Yan (高豔)	41	General Manager of Taixing Guangyuan	July 2003	Responsible for our Group's real estate development projects located in Taixing, Jiangsu Province
Qiu Xiangming (邱祥明)	39	General Manager of Changzhou Jinyuan	January 2011	Responsible for our Group's real estate development projects located in Changzhou, Jiangsu Province

**Mr. Shen Hongjie** (沈宏杰), aged 33, is the general manager of Suqian Jia Yuan, and has been involved in our business since December 2005. He is primarily responsible for management and overseeing the day-to-day operation of our real estate development projects located in Suqian, Jiangsu Province. Mr. Shen also acts as a director of Suqian Jia Yuan and Siyang Fengyuan, respectively.

Mr. Shen has approximately 10 years of experience in the industry of real estate development. He has been working as the general manager of Suqian Jia Yuan since March 2014. He served as the general manager of Siyang Fengyuan from April 2013 to March 2014 and the deputy general manager of Siyang Fengyuan from February 2012 to April 2013. During the Track Record Period, Mr. Shen also participated in the preparation for and was responsible for the day-to-day management of our following property development projects in Suqian and Siyang: (i) Suqian Park Number One (under development and to be completed by 2016); (ii) Paris Metropolis (under development and to be completed by 2017); and (iii) Rome Metropolis (under development and to be completed by 2020). Formerly, Mr. Shen worked as the deputy general manager of Jiaxing Jindi, a Private Group company, from October 2011 to February 2012, and worked at Zhejiang Jia Yuan Group from December 2005 to October 2011.

Mr. Shen graduated from Jiaxing College\* (嘉興學院) and obtained a bachelor degree in Human Resource Management in June 2006. Mr. Shen was recognised by Jiaxing Human Resource Bureau\* (嘉興市人事局) as an assistant economist in April 2006.

**Mr. Yuan Zhaolin** (袁兆林), aged 45, is the general manager of Yangzhou Mingyuan, and has been involved in our business since April 2009. He is primarily responsible for management and overseeing the day-to-day operation of our real estate development projects located in Yangzhou, Jiangsu Province. Mr. Yuan also acts as a director of Yangzhou Mingyuan and Yangzhou Guangyuan, respectively.

Mr. Yuan has approximately 12 years of experience in the industry of real estate development. He took up the position of assistant general manager and deputy general manager of Yangzhou Mingyuan from April 2009 to August 2011 and from August 2011 to January 2013, respectively. Mr. Yuan was subsequently promoted to the position of general manager of Yangzhou Mingyuan in January 2013 and has since acted as the general manager of Yangzhou Mingyuan. During the Track Record Period, Mr. Yuan also participated in the preparation for and was responsible for the day-to-day management of our

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## DIRECTORS AND SENIOR MANAGEMENT

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following property development projects in Yangzhou: (i) Jiayuan Centurial Garden (completed in 2012); and (ii) Jiayuan Centurial Villa (under development and to be completed by 2015). Formerly, Mr. Yuan worked as the deputy general manager and was subsequently promoted to the position of general manager of Yangzhou Changxin Property Development Co., Ltd.\* (揚州常信房地產開發有限公司), a property developer in China, during the period from January 2003 to April 2009. He worked as an officer in Jiangdu City Affordable Housing Development Center\* (江都市經濟適用房發展中心) in 2001.

Mr. Yuan graduated from Yangzhou University (揚州大學) with a diploma in Housing Architecture and Engineering in June 1995. He was recognised by Yangzhou Municipal Review Committee of Middle Level Technological Qualification in Construction and Engineering\* (揚州市建設工程中級專業技術資格評委員) as an engineer in November 2002.

**Ms. Gao Yan (高豔)**, aged 41, is the general manager of Taixing Guangyuan, and has been involved in our business since July 2003. Ms. Gao is primarily responsible for management and overseeing the day-to-day operation of our real estate development projects located in Taixing, Jiangsu Province. Ms. Gao also acts as a director of Yangzhou Hengyuan and Taixing Guangyuan, respectively.

Ms. Gao has approximately 12 years of experience in the industry of real estate development. She has been working as the general manager of Taixing Guangyuan since February 2014 and the general manager of Taixing Hengyuan from August 2013 to February 2014. During the Track Record Period, Ms. Gao also participated in the preparation for and was responsible for the day-to-day management of our following property development projects in Yangzhou and Taixing: (i) Jiayuan Centurial Scenery Park (completed in 2012); (ii) Venice Metropolis (under development and to be completed by 2022); and (iii) Jiayuan New Word (under development and to be completed by 2018). Formerly, Ms. Gao worked as the finance manager and the general manager of Yangzhou Hengyuan from July 2007 to August 2012 and the finance manager of Yangzhou Guangyuan from July 2003 to June 2007.

Ms. Gao graduated from Jiangsu Broadcasting and Television College\* (江蘇廣播電視大學) and obtained a diploma in Finance and Accounting in July 1994. She has been recognised as an intermediate accountant by the Ministry of Finance of the PRC since September 2003.

**Ms. Qiu Xiangming (邱祥明)**, aged 39, is the general manager of Changzhou Jinyuan, and has been involved in our business since January 2011. Ms. Qiu is primarily responsible for management and overseeing the day-to-day operation of our real estate development projects located in Changzhou, Jiangsu Province. Ms. Qiu also acts as a director of Changzhou Jinyuan.

Ms. Qiu has approximately 12 years of experience in the industry of real estate development. She worked as the manager of Zhejiang Jia Yuan Group from January 2011 to August 2013. Ms. Qiu acted as the vice general manager of Changzhou Jinyuan from August 2013 to December 2014 and was subsequently promoted to the position of general manager in December 2014 and has since acted as the general manager of Changzhou Jinyuan. During the Track Record Period, Ms. Qiu also participated in the preparation for and was responsible for the day-to-day management of Xueyan Jiayuan Central Plaza, our property development project in Changzhou which is under development and to be completed by 2017. Formerly, Ms. Qiu worked as the deputy general manager of Changzhou Tian Yu from January 2010 to December 2010 and a director of Changzhou Zhongchuang Property Development Co., Ltd.\* (常州中創房地產開發有限公司), a property developer in the PRC, from December 2003 to December 2009.

Ms. Qiu graduated from Changzhou Institute of Technology\* (常州工學院) and obtained a diploma in Accounting in January 2008. She has been recognised as a junior accountant by the Ministry of Finance of the PRC since May 2006.



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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPANY SECRETARY

**Mr. Wan Siu Keung** (溫兆強), aged 32, is our Company Secretary, and joined our Group in April 2014. He is primarily responsible for the secretarial matters of our Group. Mr. Wan has been working as the finance manager of Hong Kong Jia Yuan since April 2014.

Prior to joining our Group, Mr. Wan worked at Deloitte Touche Tohmatsu as a staff accountant from 3 January 2006 to 30 September 2010 and an audit manager from 1 October 2010 to 5 February 2014.

Mr. Wan graduated from The Hong Kong University of Science and Technology and obtained a bachelor degree in Business Administration (Accounting and Finance) in May 2006. Mr. Wan has been a member of the Hong Kong Institute of Certified Public Accountants since July 2009.

### STAFF

We believe that our workforce is one of the most important assets of our Group and we rely on our employees in striving for future success. In order to equip our employees with a view to enhance their work performance, we provide vocational training to our employees. During the Track Record Period, we did not experience any material turnover of staff or disruption to our business operations due to labour disputes. We believe that our management have and will continue to maintain good relations with our employees.

### Benefits

As required by the PRC regulations on social insurance, our PRC subsidiaries participate in the social insurance schemes operated by the relevant local government authorities which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

As required by the employment laws in Hong Kong, our Group participates in the mandatory provident fund scheme to provide retirement benefits for our Hong Kong staff. Our Hong Kong staff is also entitled to medical welfare and discretionary bonus provided by our Group.

### Compensation

The aggregate amounts of remuneration (including performance related bonus) of our Directors for each of the year ended 31 December 2014 and the eight months ended 31 August 2015 were nil, nil, RMB2,655,000 and RMB1,405,000, respectively. Details of the arrangement for remuneration are set out in note 13 of the accountants' report in Appendix I to this prospectus. Under such arrangement and pursuant to our Directors' service agreements and letters of appointment referred to in the section headed "Statutory and general information — Further information about Directors and Shareholders — 11. Directors — (b) Particulars of Directors' service contracts" set out in Appendix VI to this prospectus, the aggregate amount of directors' fee and other emoluments payable to our Directors for the year ending 31 December 2016 are estimated to be approximately RMB2,861,000, excluding any discretionary bonuses.

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## DIRECTORS AND SENIOR MANAGEMENT

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Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation packages of our Directors and senior management. After the Listing, our remuneration committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group. During the Track Record Period, no remuneration was paid by us to, or received by, our Directors as an inducement to join or upon joining us or as compensation for loss of office.

### **BOARD COMMITTEES**

#### **Audit committee**

Our Company established an audit committee on 12 February 2016 with its written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system, nominate and monitor external auditors and to provide advice and comments to our Board on matters related to corporate governance.

Our audit committee consists of three members, being Mr. Tai Kwok Leung, Alexander, Mr. Gu Yunchang and Dr. Cheung Wai Bun, Charles. Mr. Tai currently serves as the chairman of our audit committee.

#### **Remuneration committee**

Our Company established a remuneration committee on 12 February 2016 with its written terms of reference in compliance with the Listing Rules. The primary duties of the remuneration committee are to make recommendations on the remuneration of our senior management and to recommend members of our Board.

Our remuneration committee consists of three members, being Dr. Cheung Wai Bun, Charles, Mr. Tai Kwok Leung, Alexander and Ms. Cheuk Hiu Nam. Dr. Cheung currently serves as the chairman of our remuneration committee.

#### **Nomination committee**

Our Company established a nomination committee on 12 February 2016 with its written terms of reference by reference to the code provisions of the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are to make recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management.

Our nomination committee consists of three members, being Mr. Shum Tin Ching, Dr. Cheung Wai Bun, Charles and Mr. Gu Yunchang. Mr. Shum currently serves as the chairman of our nomination committee.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE ADVISER

Our Company has appointed Messis Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, our Company will consult the compliance adviser in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including but not limited to 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 the business activities, developments or results of operation of our Group deviate from any forecast, estimate, or other information in this prospectus; and
- (4) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares.

The term of appointment of the compliance adviser shall commence on the Listing Date and end on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

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## SUBSTANTIAL SHAREHOLDERS

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### SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options to be granted under the Share Option Scheme), the following persons will have an interest or short position in our Shares and the 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 be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Capacity/ nature of interest	As at the Latest Practicable Date		Immediately after completion of the Global Offering	
		Number of Shares or securities held <sup>(1)</sup>	Percentage of shareholding	Number of Shares or securities held <sup>(1)</sup>	Percentage of shareholding
Mr. Shum <sup>(2)</sup>	Interest of controlled corporation	1 Share (L)	100%	1,350,000,000 Shares (L)	75%
Ms. Wang Xinmei (王新妹) <sup>(3)</sup>	Interest of spouse	1 Share (L)	100%	1,350,000,000 Shares (L)	75%
Mingyuan Investment <sup>(4)</sup>	Beneficial owner	1 Share (L)	100%	1,350,000,000 Shares (L)	75%

*Notes:*

- (1) The letter “L” denotes a person’s/an entity’s long position in our Shares.
- (2) The disclosed interest represents the interest in our Company held by Mingyuan Investment, which is wholly owned by Mr. Shum. Therefore, Mr. Shum is deemed to be interested in Mingyuan Investment’s interest in our Company by virtue of the SFO.
- (3) Ms. Wang Xinmei (王新妹), the spouse of Mr. Shum, is deemed to be interested in Mr. Shum’s interest in our Company by virtue of the SFO.
- (4) These Shares are held by Mingyuan Investment, which is wholly owned by Mr. Shum.

Save as disclosed herein, our Directors are not aware of any person who will, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options to be granted under the Share Option Scheme), have an interest or short position in our Shares and the 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 will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

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## SHARE CAPITAL

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Assuming that the Global Offering becomes unconditional, the authorised share capital of our Company is as follows:

Authorised share capital:

	<i>HK\$</i>
10,000,000,000 Shares of HK\$0.01 each	<u>100,000,000</u>
	<u><u>100,000,000</u></u>

Assuming that the Over-allotment Option is not exercised, the issued share capital of our Company immediately following completion of the Global Offering will be as follows:

	<i>HK\$</i>	<b>Approximate percentage of issued share capital (%)</b>
<i>Issued and to be issued, fully paid or credited as fully paid, upon completion of the Capitalisation Issue and the Global Offering:</i>		
1	Share in issue as at the date of this prospectus	0.01
1,349,999,999	Shares to be issued under the Capitalisation Issue	13,499,999.99
450,000,000	Shares to be issued under the Global Offering (excluding any shares which may be issued under the Over-allotment Option)	4,500,000.00
<u>1,800,000,000</u>	Shares in total	<u>18,000,000.00</u>
		<u><u>100.00</u></u>

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## SHARE CAPITAL

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Assuming that the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following completion of the Global Offering will be as follows:

		<i>HK\$</i>	<b>Approximate percentage of issued share capital (%)</b>
<i>Issued and to be issued, fully paid or credited as fully paid, upon the completion of the Capitalisation Issue and the Global Offering:</i>			
1	Share in issue as at the date of this prospectus	0.01	0.01
1,349,999,999	Shares to be issued under the Capitalisation Issue	13,499,999.99	72.28
517,500,000	Shares to be issued under the Global Offering and the Over-allotment Option	5,175,000.00	27.71
<u>1,867,500,000</u>	Shares in total	<u>18,675,000.00</u>	<u>100.00</u>

### ASSUMPTIONS

The above tables take no account of (i) any Shares which may be issued upon the exercise of the options to be granted under the Share Option Scheme; or (ii) any Shares which may be issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares as described below.

### RANKING

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

### SHARE OPTION SCHEME

We conditionally adopted the Share Option Scheme on 12 February 2016. Under the Share Option Scheme, the eligible participants of the scheme, including directors, full-time employees of and advisers and consultants to our Company or its subsidiaries, may be granted options which entitle them to subscribe for Shares representing initially not more than 10% of the Shares in issue on the Listing Date. Further details of the terms of the Share Option Scheme are summarised in the section headed “Statutory and general information — Other information — 14. Share Option Scheme” in Appendix VI to this prospectus.

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## SHARE CAPITAL

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### GENERAL MANDATE

Our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of (i) 20% of the aggregate nominal amount of the share capital of our Company in issue as enlarged by the Capitalisation Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the Over-allotment Option); and (ii) the aggregate nominal value of the share capital of our Company which may be repurchased by our Company under the Repurchase Mandate.

Our Directors may, in addition to the Shares which they are authorised to issue under the General Mandate, allot, issue and deal with Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrants or convertible securities of our Company, scrip dividends or similar arrangements or the exercise of options to be granted under the Share Option Scheme. The aggregate nominal value of the Shares which our Directors are authorised to allot and issue under this General Mandate will not be reduced by the allotment and issue of such Shares.

This General Mandate will expire:

- (i) at the conclusion of our Company's next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles to hold its next annual general meeting; or
- (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting;

whichever occurs first.

For further details of the General Mandate, please refer to the section headed "Statutory and general information — Information about our Company — 3. Resolutions in writing of the sole Shareholder passed on 12 February 2016" in Appendix VI to this prospectus.

### REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all of the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue, as enlarged by the Capitalisation Issue and the Global Offering (but excluding any Shares which may be issued pursuant to the Over-allotment Option).

This Repurchase Mandate relates only to repurchases made on the Stock Exchange or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and the requirements of the Listing Rules.

This Repurchase Mandate will expire:

- (i) at the conclusion of our Company's next annual general meeting; or
- (ii) upon the expiry of the period within which our Company is required by any applicable law or the Memorandum and Articles to hold its next annual general meeting; or



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## SHARE CAPITAL

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- (iii) when varied, revoked or renewed by an ordinary resolution of our Shareholders in a general meeting;

whichever occurs first.

For further information about this Repurchase Mandate, please refer to the section headed “Statutory and general information — Information about our Company — 3. Resolutions in writing of the sole Shareholder passed on 12 February 2016” in Appendix VI to this prospectus.

### **CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED**

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) sub-divide its Shares into Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may, subject to the provisions of the Cayman Companies Law, reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution. For further details, please refer to the section headed “Summary of the constitution of our Company and the Cayman Islands Company Law — 2. Articles of Association — (c) Alteration of capital” in Appendix V to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Memorandum and the Articles, all or any of the special rights attached to our Shares or any class of our 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 our Shares of that class. For further details, please refer to the section headed “Summary of the constitution of our Company and the Cayman Islands Company Law — 2. Articles of Association — (d) Variation of rights of existing Shares or classes of Shares” in Appendix V to this prospectus.

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## FINANCIAL INFORMATION

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*The following discussion and analysis of our Group's financial condition and results of operations should be read in conjunction with the accountants' report (together with the accompanying notes) set out in Appendix I to this prospectus and the unaudited pro forma financial information set out in Appendix II to this prospectus.*

*The discussion and analysis in this section contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results could differ materially from those discussed in the forward-looking statements as a result of various factors, including those set out under the sections headed "Risk factors" and "Forward-looking statements" in this prospectus.*

*Discrepancies between totals and sums of amounts listed herein in any table or elsewhere in this prospectus may be due to rounding.*

### OVERVIEW

We are an established property developer in Jiangsu Province, the PRC. Our main business operations include (i) the development and sale of residential and commercial properties; (ii) the provision of development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure; and (iii) the leasing of commercial properties owned or developed by us.

As at 30 November 2015, we had a portfolio of 19 property development projects in various major cities or key towns in Jiangsu Province, comprising 14 residential complex projects and five integrated commercial complex projects. Of these projects, we had completed the development of eight projects and part of seven projects.

For the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2014 and 2015, our revenue was approximately RMB2,094.9 million, RMB2,544.6 million, RMB2,318.3 million, RMB1,243.3 million and RMB991.0 million, respectively, and our profit from the continuing operations for the same periods amounted to approximately RMB135.9 million, RMB311.7 million, RMB192.7 million, RMB52.4 million and RMB182.9 million, respectively.

Going forward, we plan to continue our property development effort in "key towns (中心鎮)" or towns which are under key development in Jiangsu Province, yet contemporaneously extend our geographical presence to cover first and second-tier cities in other provinces in China: (i) provincial capital cities such as Guangzhou, Fuzhou, Wuhan, Changsha, Nanchang, Nanning and Jinan; (ii) prefectural level cities such as Zhuhai and Shantou; (iii) state-plan designated cities such as Xiamen, Dalian and Shenzhen; and (iv) municipalities and special administrative regions such as Chongqing. We believe that the historical demographic and economic changes in these regions and cities, coupled with a positive economic outlook in China attributable to the expected increase in urbanisation ratio as well as disposable income, spending and expenditure, augur well for our business growth.

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## FINANCIAL INFORMATION

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### **BASIS OF PREPARATION**

The financial information was presented in RMB and was prepared and presented in accordance with HKFRS, which are effective for annual accounting periods beginning on 1 January 2015 throughout the Track Record Period and may differ in certain material respects from generally accepted accounting principles in other jurisdictions.

The consolidated financial information includes the financial statements of our Company and its subsidiaries for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015. The financial statements of our subsidiaries are prepared for the same reporting period as our Company using consistent accounting policies. The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period which included the results, changes in equity and cash flows of the companies comprising our Group have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation or establishment where it is a shorter period, except for those subsidiaries being disposed of during the Track Record Period that the results of which have been accounted for until the effective date of disposal.

The consolidated statements of financial position of our Group as at 31 December 2012, 2013 and 2014 and 31 August 2015 have been prepared to present the assets and liabilities of the companies comprising our Group as at the respective dates as if the current group structure had been in existence on those dates, taking into account of the respective dates of incorporation/establishment and respective dates of disposal of relevant entities.

### **FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION**

Our results of operations and financial condition have been and will continue to be affected by a number of factors, some of which may be beyond our control, including those set out in the section headed “Risk factors” in this prospectus. The key factors affecting our results of operations are set out below.

#### **General economic conditions in China**

Our business and results of operations are affected by the general economic conditions in the PRC. The main drivers of the PRC real estate market include growth of urban population, accelerating urbanisation, increase in disposable income and consumption of urban households, all of which are usually dictated by the general economic conditions in the PRC. The rapid economic development in China in the past few years, as evidenced by strong increase in nominal GDP to reach approximately RMB63,614 billion in 2014 at a CAGR of 13.0% over the period from 2009 to 2014, has boosted the pace of urbanisation and concomitantly resulted in stellar growth in per capita disposable income of urban residents. The increase in per capita disposable income in turn has a positive impact on domestic consumption and investment, which includes spending on residential properties and real estate investment, while rapid urbanisation has created robust demand for properties, including wholesale and retail properties and housing. Accordingly, the demographic phenomenon, as driven to a large extent by a positive change in the general PRC economic conditions, has a significant effect on the demand for properties in China, including the cities and regions where we operate. Please refer to the section headed “Industry overview” in this prospectus for the CAGR in respect of urbanisation, per capita disposable income of urban residents, real estate investment, GFA of properties sold and average selling price of properties in China over the period from 2009 to 2014. The rise of consumer spending power and confidence also has an impact on our income from our lease of commercial properties and apartments.

Furthermore, periods of high economic growth are typically accompanied by higher property prices or higher property rental rates due to the higher market demand for properties. In addition, property prices often surge upward in an environment where the government deploys policies which tend to exert inflationary pressure and as a result attract people to enter the real estate market, driving a higher market demand for properties.

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## FINANCIAL INFORMATION

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The general economic conditions in China therefore have an impact on our business, financial condition and results of operations. The overall economic growth in the PRC will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the financial policies of the PRC Government. Any economic downturn in China generally or, in particular, in the regions where we operate, could adversely affect our business, financial condition and results of operations.

### **Regulatory environment in the PRC real estate industry**

Our property development has been and will continue to be affected by policies and measures taken by the PRC Government on the real estate industry. In recent years, the PRC Government has implemented a series of measures with a view to controlling the growth of the PRC property markets. From time to time, the PRC Government adjusts or introduces macroeconomic control policies to encourage or restrict development in residential real estate sector through regulating, among others, land grants, pre-sale of properties, availability of credit and bank financing, capital requirement of financial institutions and taxation. Such regulatory movement has contributed to changes in market conditions, such as costs of development, sale and purchase, and market sentiment, leading to a change of the balance of supply and demand. Since 2010, in response to the rising property prices across the country, the PRC Government has promulgated policies and adopted measures to curtail speculation in the property market. These measures include restrictions on house purchase and loans, increase in minimum down payments for purchase, more stringent requirements with respect to the payment of land grant premium by property developers. As a result of these measures, GFA of both residential and retail properties sold in cities such as Nanjing and Suzhou decreased in 2011 (as compared to 2010) amid growth in both population and per capital disposable income during the same period.

Any change in the balance of supply and demand rendered by the adoption of government measures in the PRC real estate industry will cause fluctuation in the property pricing trend in the market, which in turn could have an impact on our property construction timetable and our average selling prices, affecting our property sales revenue and thus our results of operations. In addition, measures which impose stringent requirements on land acquisition payment may have an impact on our financing costs, thus also affecting our results of operations. The PRC regulatory environment relating to the real estate market therefore has a significant impact on our business, financial condition and results of operations.

### **Access to and cost of financing**

Interest-bearing bank and other borrowings are important sources of funding for our property development projects. As at 31 December 2012, 2013 and 2014 and 31 August 2015, our outstanding interest-bearing bank and other borrowings amounted to approximately RMB1,984.8 million, RMB4,340.6 million, RMB4,844.1 million and RMB5,267.9 million, respectively. For the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, our total interest expenses on bank and other borrowings were approximately RMB145.4 million, RMB438.8 million, RMB605.0 million and RMB362.0 million, respectively. The interest rates of our bank borrowings were generally floating with reference to the benchmark interest rate set by PBOC and Hong Kong Inter-Bank Offered Rate (“HIBOR”), and any increase in these benchmark interest rates will increase the finance costs of our property development projects. Moreover, the PRC Government from time to time has issued regulations on bank lending for property development. Any austerity measures in respect of bank lending implemented by the PRC Government as a stimulus to any event (such as over-heating in the real estate market or the general capital market or manifestation of risks associated with loan growth) that restrict lending activities or raise the lending rates will affect our access to, and increase our cost of, borrowing. As such, our business and results of operations may be significantly affected.

In addition, during the Track Record Period, we obtained trust loans from trust companies and other loans from asset management companies. While trust companies and asset management companies

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## FINANCIAL INFORMATION

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generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC Government may implement more stringent measures to control trust financing, which may include more stringent review procedures that trust companies and asset management companies are required to adopt when considering applications for trust financing and remedial actions which trust companies and asset management companies are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC Government may implement could limit the amount that trust companies and asset management companies can make available for the PRC property development industry as a whole and to us.

### **Development and delivery schedule of our property development projects**

Our results of operations, cash flows and financial position are significantly affected by the development and delivery schedule of our property development projects. The number of property development projects that a developer can undertake during any particular period may be limited due to substantial capital requirements for land acquisitions and construction costs as well as limited land supply. In addition to such restrictions, the development of a property project may take several months or even years before the commencement of pre-sale, depending on the size and complexity of the project. As such, it may be the case that the results of operations in any particular financial year do not surge upwards despite a property developer's ongoing business development in that year by way of an increase in the number of property development projects. Furthermore, the amount of GFA to be developed and delivered varies from project to project depending on our business strategy as well as factors which are beyond our control such as market conditions. Our results of operations may be affected in the event that the amount of GFA to be developed and delivered in our future property development projects becomes relatively low. Furthermore, revenue from the sale of our properties is recognised upon delivery of units to our customers while current liabilities are recognised when proceeds from our customers in relation to pre-sale of properties are received. In view of the foregoing and given that considerable amount of cash is involved in the purchase of these units, the timing of each step of our development schedule and the timely completion and delivery of properties to purchasers in accordance with our schedule is critical to our cash flows, financial positions and results of operations. Any deviation in terms of the timing of our development schedule may have a significant and adverse effect upon our cash flows, financial position and results of operations.

It also follows from the above that our year-on-year or period-on-period results of operations attributable to property development and sales may be subject to fluctuation amid the continuous development of our business operations.

### **Availability of land resources**

Our business and results of operations as well as continuing growth will depend on our ability to secure high-quality land for development at costs that can yield reasonable returns. Even though we believe that we currently maintain sufficient land reserves to fulfill our development requirements for the next three years, we continue to look for suitable sites in various cities in China for future development projects, on which our continuing growth will partially depend. We strategically target land parcels that satisfy our internal evaluation requirements, such as geographical size of relevant city and district or county, size of population, GDP and growth rate of relevant city, as well as accessibility, transportation and infrastructural development of the relevant site and city; site selection under such criteria may restrict the availability of suitable target lands and may increase land acquisition costs. Furthermore, our results of operations are affected by land acquisition costs, which constitute a significant component of our cost of sales. In addition, PRC Governmental land supply policies and implementation measures (such as the statutory requirement of public auction and listing-for-sale with respect to the grant of

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## FINANCIAL INFORMATION

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state-owned land use rights) may further intensify competition for undeveloped land and increase land acquisition costs. For example, in November 2009, the PRC Government raised the minimum down payment percentage for land grant premium to 50% and required that land grant premium be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. These and any future policy changes may have a material adverse effect on our cash flows and our ability to acquire suitable land for our growth.

### **Land acquisition and construction and related costs**

Land acquisition and construction and related costs constitute a substantial portion of our cost of sales and have had, and will continue to have, a significant impact on our business and results of operations. These costs primarily include costs for acquisition of the rights to occupy, use and develop land, costs for the design and construction of a property development project, and costs of construction materials. Land acquisition and construction and related costs vary according to the GFA and height of the buildings, the geology of the construction sites, as well as the use and price of certain key construction materials, such as steel and cement. Costs for construction materials and construction labour for a property development project are generally specified and included in the contractor fees agreed between us and our construction contractors. However, increases in construction and related costs will likely prompt our contractors to increase their fee quotes for new property development projects. 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 and related costs increase subsequent to such pre-sale. We expect our property development costs will continue to be influenced by fluctuations in the cost of construction materials and the rise in labour costs for our property developments.

### **Product mix**

We derive a significant portion of our revenue from property development, which includes the sale of residential and commercial properties. We price our properties by taking into account various factors, including our land acquisition and construction costs, market conditions, location and type of the properties, and sales price of our competitors for development of similar scale and quality in the proximity. The price of properties in different cities can also vary significantly. In addition, the price of different types of properties may also vary. During the Track Record Period, the average selling price of our commercial properties in a particular property development project was relatively higher than that for our residential properties in the same project. Accordingly, the type and location of the property form part of the factors that comprise our pricing policy, and therefore will have an impact on our results of operations and cash flows.

### **Revenue mix**

We generate revenue primarily from three major business segments, namely property development, property investment and development services. While our main business operations included property development and property investment (which represented rental of our commercial properties owned or developed by us), development services (which represented development services provided by us to government organisations for the development of their resettlement properties and other types of property, facility or infrastructure) also contributed to a portion of our total revenue during the Track Record Period. For the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, revenue from property development and property investment accounted for an aggregate of approximately 86.0%, 80.6%, 77.3% and 99.7% of our total revenue, respectively, whereas revenue from development services represented approximately 14.0%, 19.4%, 22.7% and 0.3% of our total revenue, respectively.

Revenue from property development tends to fluctuate from period to period due to variations in the amount of GFA delivered and the average selling prices of these properties, which as discussed earlier are



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mainly affected by our business plan, our development schedule and the real estate market conditions. Average selling price is also affected by the type, size and timing of sale of the property sold and delivered, our marketing strategies, and our target customers. Our development schedule is subject to our business strategy as well as factors which are beyond our control such as weather, approval progress and third party contractors' work schedules. All in all, periods in which we deliver more GFA or in which more properties are sold and delivered at higher average selling prices typically generate more revenue from property development, and therefore account for a larger percentage of our total revenue.

Revenue from development services also tends to fluctuate from period to period primarily because such segment principally depends on (i) the number of projects undertaken by the government in any particular year; (ii) whether the government would approach us for these projects; and (iii) whether we consider it in the interest of our Group to take on these projects taking into account factors such as brand-building and relationship maintenance. As such, revenue from our development services mainly hinges upon the government's development schedule. We believe that periods in which the government has particular focus on resettlement plans generally spur the quantity of government mandate for property development services, which in turn may propel the amount of work under our development services and increase our revenue in that area, rendering a larger percentage of our total revenue.

Accordingly, our business plan and strategy, our development schedule, weather, approval progress and third party contractors' work schedules, government planning and the general real estate market conditions may have an impact on our revenue mix. A change of revenue mix may cause fluctuation of our results of operations.

Despite any change of revenue mix or any impact such change may have on our results of operations, given our track record of success in property development over the past decade and the fact that we have relatively large amount of land reserves for future development and for investment (as at 30 November 2015, we had land reserves of approximately 4.6 million sq.m. in terms of GFA), development and sales of properties and lease of properties will remain as the primary arms of our business focus.

### **DISCONTINUED OPERATIONS AND THEIR PRESENTATION IN THE CONSOLIDATED FINANCIAL STATEMENTS**

During the Track Record Period, we terminated certain business operations through our disposal of the relevant members of the Private Group in connection with our Reorganisation, which were accounted for as our discontinued operations under our consolidated statements of profit or loss and other comprehensive income. Such discontinued operations consisted of other property development operations in non-Target Cities. Please refer to the section headed "History, reorganisation and group structure — Reorganisation — Step 6 — Disposal of equity interests in various entities not involving in our business" in this prospectus for details of the disposal of these relevant members of the Private Group and the section headed "Relationship with the Controlling Shareholders — Excluded business" in this prospectus for details of the business of the Private Group.

Results of discontinued operations were accounted for as a separate line item as "profit (loss) for the year/period from discontinued operations" in the consolidated statements of profit or loss and other comprehensive income. Assets and liabilities of continuing and discontinued operations are presented in the consolidated statements of financial position on a consolidated basis, unless the discontinued operations met the criteria as a disposal group in accordance with HKFRS 5 "Non-current assets held for sale and discontinued operation", of which the assets and the liabilities of the disposal group held for sale are presented separately from other assets and liabilities on the consolidated statements of financial position. Cash flows of continuing and discontinued operations were presented in the consolidated statements of cash flows on a consolidated basis. Please refer to note 31 of Section A in the accountants'



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report set out in Appendix I to this prospectus for financial results in respect of such discontinued operations during the Track Record Period.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates refer to those accounting policies and estimates that entail significant uncertainty and judgment, and could yield to materially different results under different conditions and/or assumptions. The preparation of financial information in conformity with HKFRS requires our management to make judgments, estimates and assumptions that may affect the application of policies and reported amounts of assets, liabilities, income and expenses. The methods and approaches that we use in determining these items are based on our experience, the nature of our business operations, the relevant rules and regulations and the relevant circumstances. These underlying assumptions and estimates are reviewed regularly as they may have significant impacts on our operational results as reported in our consolidated financial statements included elsewhere in this prospectus. We did not experience any material deviation between our management's estimates and actual results and did not make material changes to these estimates during the Track Record Period. Our management does not expect any material changes in these estimates in the foreseeable future.

Below is a summary of the accounting policies and judgments that we believe are important to the presentation of our financial results and involve the need to make estimates and judgments about the effect of matters that are inherently uncertain. We also have other policies, judgments, estimates and assumptions that we consider significant, which are set out in detail in notes 3 and 4 of Section A in the accountants' report set out in Appendix I to this prospectus.

#### Revenue recognition

##### *Property development*

Income from property developed for sale is recognised (i) when the construction of the relevant properties has been completed; (ii) collectability of related receivables is reasonably assured; and (iii) at the date of delivery or certain days after the notice of completion are issued to the purchasers for which is earlier, at which time all the following conditions are satisfied:

- (a) our Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) our Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to our Group;  
and
- (e) the cost incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from buyers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

##### *Property investment*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

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### *Development services*

When the outcome of construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract can be estimated reliably, revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date as compared to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including both completed properties and properties under construction). Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuer. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates. In relying on the valuation report, our management has exercised our judgment and is satisfied that the assumptions used in valuation have reflected the current market conditions. The valuations of completed investment properties which are held by our Group for sale and for investment were arrived at with adoption of investment approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the respective properties. The valuations of investment properties under construction were arrived at with adoption of cost approach, which is based on market observable transactions of completed properties with the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the accrued construction costs that will be expended to complete the development to reflect the quality of the completed development and developer's gross profit margin. The valuations are carried out with the basis that they will be developed and completed in accordance with the latest development proposals and taken into the construction costs that will be expended to complete the development to reflect the quality of the completed development.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

### **Properties under development**

When the leasehold land and buildings are in the course of development for sale, the leasehold land component is amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development which are intended to be held for own use or their investment potential are shown as non-current assets.

Properties under development which are intended to be held for sale are shown as current assets and carried at the lower of cost and net realisable value.

Properties under development are transferred to investment property when the development is completed and there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Our management writes down the carrying amount of inventories of properties and construction in progress to net realisable value based on assessment of the realisability of properties, taking into account current market price of properties of comparable standard and location. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease and this might result in write-downs of properties under development to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realisable. The identification of write-downs requires the use of estimates. If the expectation is different, it will impact the carrying value and write-downs of inventories of properties in the period in which such estimate is changed.

### **Properties held for sale**

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions.

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Properties held for sale are transferred to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

### Property and equipment

Property and equipment including leasehold land and buildings held for administrative purpose are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses if any. Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The rates of depreciation for this purpose are summarised as follows:

Leasehold land and building	Over the shorter of the term of lease or 2%
Leasehold improvements	20%
Office equipment	20%
Motor vehicles	25%
Furniture, fittings and equipment	10% to 20%
Computer equipment	20% to 33%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

In applying the accounting policy on property and equipment with respect to depreciation, our management estimates the useful lives of various categories of property and equipment according to the industrial experiences over the usage of property and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period.

If an item of property and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained earnings.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Costs including professional fees and other costs that are directly attributable to the construction or acquisition of the property are capitalised. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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## FINANCIAL INFORMATION

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### **Financial assets**

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or it is designated as financial assets at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that our Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as financial assets at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with our Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract to be designated as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit paid for a life insurance policy, trade and other receivables, amounts due from related parties, restricted/pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

### ***Impairment of financial assets***

Financial assets, other than financial assets at fair value through profit or loss are assessed for indicators of impairment at the end of reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

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For all financial assets, other than financial assets at fair value through profit or loss, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for indicators of impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss. In determining the recoverability of trade receivables, our Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

For financial assets measured at amortised cost, if in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### **Financial liabilities and equity instruments**

Debt and equity instruments issued by a group equity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

#### ***Financial liabilities***

Financial liabilities (including trade and other payables, amounts due to related parties, and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

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### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### **Construction costs**

Our Group recognises contract revenue according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements. Estimated contract cost, which mainly comprises direct labour cost, subcontracting charges and costs of materials, is variable and estimated by our management on the basis of estimated cost of direct labour, subcontracting charges and costs of materials from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of our management. Notwithstanding that our management frequently reviews and revises the estimates of both estimated revenue as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

### **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit before taxation" as reported in our consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences associated with investments in subsidiaries, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where our Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable



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future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

For the purpose of measuring deferred tax arising from investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. To this end, our Directors have reviewed our Group's investment property portfolios and concluded that our investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring our deferred taxation on investment properties, our Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, we have recognised the deferred taxes on changes in fair value of investment properties as we are subject to enterprise income tax.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which our Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### LAT

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2012, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995, all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by MOF. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities. Sales of newly constructed and unused residential or commercial properties by property developers are eligible for such additional deductions. Significant judgments are required in determining the amount of land appreciation and its related taxes. We recognise these liabilities based on our management's best estimates according to the understanding of the tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

## FINANCIAL INFORMATION

### DESCRIPTION OF SELECTED COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

#### Revenue

During the Track Record Period, our revenue comprised (i) property development; (ii) development services; and (iii) property investment, while we generated most of our revenue from property development. The following table sets out a breakdown of our revenue by segment for the periods indicated:

	2012		For the year ended 31 December				For the eight months ended 31 August			
	RMB'000	%	2013	%	2014	%	2014	%	2015	%
Property development										
— sale of residential properties	1,533,681	73.2	1,727,331	67.9	1,161,437	50.1	916,138	73.7	768,925	77.6
— sale of commercial properties (including office space)	262,312	12.5	310,077	12.2	615,466	26.5	150,691	12.1	204,184	20.6
	1,795,993	85.7	2,037,408	80.1	1,776,903	76.6	1,066,829	85.8	973,109	98.2
Development services	292,168	14.0	494,392	19.4	525,081	22.7	167,071	13.4	2,997	0.3
Property investment	6,695	0.3	12,819	0.5	16,282	0.7	9,445	0.8	14,899	1.5
<b>Total</b>	<b>2,094,856</b>	<b>100.0</b>	<b>2,544,619</b>	<b>100.0</b>	<b>2,318,266</b>	<b>100.0</b>	<b>1,243,345</b>	<b>100.0</b>	<b>991,005</b>	<b>100.0</b>

#### Property development

Our property development included the sale of residential and commercial properties. The following table sets out a breakdown of our revenue from property development, GFA sold and delivered and average selling price by property development project delivered for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
<b>Residential properties</b>					
Suqian					
— Elite International Garden — Phase I (名人國際花園 — 一期)					
Revenue (RMB'000)	273,179	1,115	—	—	—
GFA (sq.m.)	59,606	235	—	—	—
Average selling price (RMB/sq.m.)	4,583.1	4,744.7	N/A	N/A	N/A
— Elite International Garden — Phase II (名人國際花園 — 二期)					
Revenue (RMB'000)	—	376,684	2,905	—	—
GFA (sq.m.)	—	80,212	612	—	—
Average selling price (RMB/sq.m.)	N/A	4,696.1	4,746.7	N/A	N/A

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	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
— Suqian Park Number One — Phase I (宿遷公園一號 — 一期)					
Revenue (RMB'000)	—	—	334,119	334,119	—
GFA (sq.m.)	—	—	79,135	79,135	—
Average selling price (RMB/sq.m.)	N/A	N/A	4,222.1	4,222.1	N/A
— Suqian Park Number One — Phase II (宿遷公園一號 — 二期)					
Revenue (RMB'000)	—	—	—	—	269,348
GFA (sq.m.)	—	—	—	—	57,887
Average selling price (RMB/sq.m.)	N/A	N/A	N/A	N/A	4,653.0
Siyang					
— Paris Metropolis (巴黎都市)					
Revenue (RMB'000)	—	30,970	3,111	3,111	—
GFA (sq.m.)	—	6,336	645	645	—
Average selling price (RMB/sq.m.)	N/A	4,887.9	4,823.3	4,823.3	N/A
— Rome Metropolis (羅馬都市)					
Revenue (RMB'000)	—	—	—	—	192,110
GFA (sq.m.)	—	—	—	—	59,651
Average selling price (RMB/sq.m.)	N/A	N/A	N/A	N/A	3,220.6
Taizhou					
— Oriental Paris City (東方巴黎城)					
Revenue (RMB'000)	276,777	3,382	184,658	171,104	12,818
GFA (sq.m.)	75,971	1,064	52,084	48,103	3,856
Average selling price (RMB/sq.m.)	3,643.2	3,178.6	3,545.4	3,557.0	3,324.2
— Oriental Bright City (東方不夜城)					
Revenue (RMB'000)	41,941	197,285	44,385	43,916	1,365
GFA (sq.m.)	7,070	34,737	6,309	6,168	302
Average selling price (RMB/sq.m.)	5,932.2	5,679.4	7,035.2	7,120.0	4,519.9
— Quexiandao Number One (鵲仙島一號)					
Revenue (RMB'000)	—	—	49,021	42,451	2,524
GFA (sq.m.)	—	—	7,756	6,595	436
Average selling price (RMB/sq.m.)	N/A	N/A	6,320.4	6,436.8	5,789.0
Yangzhou					
— Jiayuan Centurial Garden (世紀花園)					
Revenue (RMB'000)	163,445	—	1,343	73	—
GFA (sq.m.)	40,062	—	404	61	—
Average selling price (RMB/sq.m.)	4,079.8	N/A	3,324.3	1,196.7	N/A

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	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
— Jiayuan Centurial Villa (世紀豪園)					
Revenue (RMB'000)	328,638	2,637	—	—	174,531
GFA (sq.m.)	50,039	362	—	—	36,260
Average selling price (RMB/sq.m.)	6,567.6	7,284.5	N/A	N/A	4,813.3
— Yangzhou Park Number One (揚州公園一號)					
Revenue (RMB'000)	205,679	612,031	33,373	33,373	—
GFA (sq.m.)	31,579	78,884	3,583	3,583	—
Average selling price (RMB/sq.m.)	6,513.2	7,758.6	9,314.3	9,314.3	N/A
— Jiayuan Centurial Scenery Park (世紀景園)					
Revenue (RMB'000)	244,022	—	—	—	—
GFA (sq.m.)	58,214	—	—	—	—
Average selling price (RMB/sq.m.)	4,191.8	N/A	N/A	N/A	N/A
Taixing					
— Venice Metropolis (威尼斯城)					
Revenue (RMB'000)	—	503,227	378,025	287,991	114,127
GFA (sq.m.)	—	76,424	55,669	40,400	16,949
Average selling price (RMB/sq.m.)	N/A	6,584.7	6,790.6	7,128.5	6,733.6
— Qiangxi Garden (羌溪花苑)					
Revenue (RMB'000)	—	—	130,497	—	2,102
GFA (sq.m.)	—	—	16,413	—	380
Average selling price (RMB/sq.m.)	N/A	N/A	7,950.8	N/A	5,531.6
Total for residential properties					
Revenue (RMB'000)	1,533,681	1,727,331	1,161,437	916,138	768,925
GFA (sq.m.)	322,541	278,254	222,610	184,690	175,721
Average selling price (RMB/sq.m.)	4,755.0	6,207.7	5,217.4	4,960.4	4,375.8
<b>Commercial properties</b>					
<b>(including office space)</b>					
Suqian					
— Elite International Garden — Phase I (名人國際花園 — 一期)					
Revenue (RMB'000)	63,255	34,119	—	—	—
GFA (sq.m.)	11,743	4,843	—	—	—
Average selling price (RMB/sq.m.)	5,386.6	7,045.0	N/A	N/A	N/A
— Elite International Garden — Phase II (名人國際花園 — 二期)					
Revenue (RMB'000)	—	87,244	—	—	—
GFA (sq.m.)	—	14,706	—	—	—
Average selling price (RMB/sq.m.)	N/A	5,932.5	N/A	N/A	N/A

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	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
— Suqian Park Number One — Phase I (宿遷公園一號 — 一期)					
Revenue (RMB'000)	—	—	20,013	20,013	—
GFA (sq.m.)	—	—	3,091	3,091	—
Average selling price (RMB/sq.m.)	N/A	N/A	6,474.6	6,474.6	N/A
Siyang					
— Paris Metropolis (巴黎都市)					
Revenue (RMB'000)	—	6,096	577	577	—
GFA (sq.m.)	—	441	42	42	—
Average selling price (RMB/sq.m.)	N/A	13,823.1	13,738.1	13,738.1	N/A
— Rome Metropolis (羅馬都市)					
Revenue (RMB'000)	—	—	—	—	19,329
GFA (sq.m.)	—	—	—	—	3,303
Average selling price (RMB/sq.m.)	N/A	N/A	N/A	N/A	5,852.0
Taizhou					
— Oriental Paris City (東方巴黎城)					
Revenue (RMB'000)	75,399	31,573	19,284	19,284	1,359
GFA (sq.m.)	9,614	4,963	3,452	3,452	236
Average selling price (RMB/sq.m.)	7,842.6	6,361.7	5,586.3	5,586.3	5,758.5
— Oriental Bright City (東方不夜城)					
Revenue (RMB'000)	56,466	91,418	19,267	16,666	1,295
GFA (sq.m.)	6,100	6,904	2,246	2,064	96
Average selling price (RMB/sq.m.)	9,256.7	13,241.3	8,578.4	8,074.6	13,489.6
Yangzhou					
— Jiayuan Centurial Garden (世紀花園)					
Revenue (RMB'000)	51,485	1,489	98	97	—
GFA (sq.m.)	6,991	213	27	27	—
Average selling price (RMB/sq.m.)	7,364.5	6,990.6	3,629.6	3,592.6	N/A
— Yangzhou Park Number One (揚州公園一號)					
Revenue (RMB'000)	15,707	55,023	45,649	37,592	—
GFA (sq.m.)	1,130	4,678	3,081	2,744	—
Average selling price (RMB/sq.m.)	13,900.0	11,762.1	14,816.3	13,699.7	N/A
Taixing					
— Venice Metropolis (威尼斯城)					
Revenue (RMB'000)	—	3,115	56,472	56,462	1,765
GFA (sq.m.)	—	358	6,801	6,801	113
Average selling price (RMB/sq.m.)	N/A	8,701.1	8,303.5	8,302.0	15,619.5

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	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
— Qiangxi Garden (羌溪花苑)					
Revenue (RMB'000)	—	—	149,317	—	43,203
GFA (sq.m.)	—	—	7,641	—	3,013
Average selling price (RMB/sq.m.)	N/A	N/A	19,541.6	N/A	14,338.9
— Jiayuan New World (新天地)					
Revenue (RMB'000)	—	—	304,789	—	19,190
GFA (sq.m.)	—	—	20,184	—	915
Average selling price (RMB/sq.m.)	N/A	N/A	15,100.5	N/A	20,972.7
— Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場)					
Revenue (RMB'000)	—	—	—	—	118,043
GFA (sq.m.)	—	—	—	—	16,257
Average selling price (RMB/sq.m.)	N/A	N/A	N/A	N/A	7,261.1
Total for commercial properties (including office space)					
Revenue (RMB'000)	262,312	310,077	615,466	150,691	204,184
GFA (sq.m.)	35,578	37,106	46,565	18,221	23,933
Average selling price (RMB/sq.m.)	7,372.9	8,356.5	13,217.4	8,270.2	8,531.5

During the Track Record Period, the changes in our revenue from property development were primarily attributable to changes in GFA sold and delivered and changes in our average selling price for our properties delivered. The changes in GFA sold and delivered were primarily due to our property development schedule. The changes in our average selling price for our properties sold and delivered were primarily due to the difference in the geographical location of our properties delivered.

As at 31 August 2015, the amount of contracted but not recognised property sales was approximately RMB4,016.3 million, out of which approximately RMB643.1 million, RMB2,595.2 million and RMB778.0 million will be recognised for the four months ended 31 December 2015, the years ending 31 December 2016 and 2017, respectively.

### ***Development services***

Our development services income represented development services provided by us to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure. During the Track Record Period, the changes in our development services income were primarily due to the fact that development services income for a particular contract in relation to a resettlement project was recognised by stage of completion while the amount of work under different stages in each of the year or period varied during the Track Record Period.

### ***Property investment***

Our property investment mainly consisted of leasing of commercial properties (including predominantly shopping arcades, retail shops, office properties and carparks). During the Track Record Period, the increase in our revenue from property investment was mainly attributable to an increase in our

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leased GFA as we progressively completed the construction of more commercial properties, which resulted in the expansion of our investment property portfolio.

### Cost of sales

#### *Cost of property development*

Our cost of property development consisted of costs we incurred directly in connection with our property development activities, which mainly included land acquisition costs, development costs and capitalised interests. We recognised the cost of sales of our properties for a given period to the extent that revenue from such properties was recognised in the same period. The following table sets out a breakdown of our cost of property development by nature for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Land acquisition costs	386,196	25.6	367,283	23.7	300,932	22.0	183,667	19.9	129,125	17.3
Development costs	1,070,306	71.0	1,076,451	69.4	902,222	66.1	682,352	73.8	581,488	77.8
Capitalised interests	50,905	3.4	108,057	6.9	162,164	11.9	58,375	6.3	37,072	4.9
Total	<u>1,507,407</u>	<u>100.0</u>	<u>1,551,791</u>	<u>100.0</u>	<u>1,365,318</u>	<u>100.0</u>	<u>924,394</u>	<u>100.0</u>	<u>747,685</u>	<u>100.0</u>

Our land acquisition costs represented costs relating to the acquisition of the rights to occupy, use and develop land. Such costs primarily included the land grant premium incurred in connection with land granted from the PRC Government. Our land acquisition costs were affected by a number of factors, including the location, local real estate market conditions and the project lands' plot ratio.

Our development costs primarily included, with respect to any particular project, design costs, construction costs, renovation costs, electrical engineering costs and cost of construction materials. The design costs, construction costs, renovation costs and electrical engineering costs were primarily incurred in the form of payments to third party contractors. These costs were affected by a number of factors, such as the type and geological location of the properties being constructed and the type and amount of construction materials used.

We capitalised a portion of our finance costs to the extent that such costs were directly attributable to the acquisition and construction of a particular property development project. Finance costs that were not directly attributable to the development of a property development project were expensed and recorded as finance costs in our profit or loss in the period in which they were incurred.

#### *Cost of development services*

Cost of development services represented costs we incurred directly in connection with the provision of our development services, which mainly comprised development costs. We recognised the cost of our development services for a given period to the extent that revenue from such services had been recognised in the same period. For the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2014 and 2015, cost of development services amounted to approximately RMB289.3 million, RMB491.0 million, RMB521.0 million, RMB165.9 million and RMB2.9 million, respectively, accounting for approximately 16.1%, 24.0%, 27.6%, 15.2% and 0.4% of our total cost of sales for the same periods, respectively.



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The following table sets out a sensitivity analysis of hypothetical fluctuations in our average selling price of our properties sold and delivered, and development costs of both property development and development services, with other assumptions held constant, and their effect on our Group's revenue and profit (if any) for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012	2013		2014		2014	2015			
Increase in average selling price	10%	20%	10%	20%	10%	20%	10%	20%	10%	20%
Impact on revenue (RMB'000)	179,599	359,199	203,741	407,482	177,690	355,381	106,683	213,366	97,311	194,622
Impact on profit for the year/period (RMB'000)	134,699	269,399	152,806	305,611	133,268	266,535	80,012	160,024	72,983	145,966
Decrease in average selling price	10%	20%	10%	20%	10%	20%	10%	20%	10%	20%
Impact on revenue (RMB'000)	(179,599)	(359,199)	(203,741)	(407,482)	(177,690)	(355,381)	(106,683)	(213,366)	(97,311)	(194,622)
Impact on profit for the year/period (RMB'000)	(134,699)	(269,399)	(152,806)	(305,611)	(133,268)	(266,535)	(80,012)	(160,024)	(72,983)	(145,966)
Increase in development costs of property development and development services	10%	20%	10%	20%	10%	20%	10%	20%	10%	20%
Impact on profit for the year/period (RMB'000)	(101,968)	(203,937)	(117,558)	(235,115)	(106,740)	(213,481)	(63,617)	(127,234)	(43,829)	(87,658)
Decrease in development costs of property development and development services	10%	20%	10%	20%	10%	20%	10%	20%	10%	20%
Impact on profit for the year/period (RMB'000)	101,968	203,937	117,558	235,115	106,740	213,481	63,617	127,234	43,829	87,658

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### Gross profit and gross profit margin

Our gross profit is calculated by deducting our cost of sales from our revenue. The table below sets out our gross profit and gross profit margin by segment for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012	2013		2014		2014	2015			
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Property development	288,586	16.1	485,617	23.8	411,585	23.2	142,435	13.4	225,424	23.2
Development services	2,896	1.0	3,408	0.7	4,097	0.8	1,194	0.7	97	3.2
Property investment	6,695	100.0	12,819	100.0	16,282	100.0	9,445	100.0	14,899	100.0
Total	<u>298,177</u>	14.2	<u>501,844</u>	19.7	<u>431,964</u>	18.6	<u>153,074</u>	12.3	<u>240,420</u>	24.3

The table below sets out a breakdown of our gross profit for property development by property development project for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August		
	2012	2013	2014	2014	2015	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(unaudited)						
Suqian						
— Elite International Garden (名人國際花園)		70,785	111,783	548	—	
— Suqian Park Number One (宿遷公園一號)		—	—	(18,784)	66,914	
Siyang						
— Paris Metropolis (巴黎都市)		—	6,374	586	586	
— Rome Metropolis (羅馬都市)		—	—	—	419	
Taizhou						
— Oriental Paris City (東方巴黎城)		(35,603)	10,024	31,389	985	
— Oriental Bright City (東方不夜城)		12,917	52,218	5,342	781	
— Quexiandao Number One (鵲仙島一號)		—	—	(24,931)	(2,151)	
Yangzhou						
— Jiayuan Centurial Garden (世紀花園)		79,974	1,350	204	—	
— Jiayuan Centurial Villa (世紀豪園)		142,137	451	—	44,119	
— Yangzhou Park Number One (揚州公園一號)		49,372	240,618	17,163	—	
— Jiayuan Centurial Scenery Park (世紀景園)		(30,996)	—	—	—	
Taixing						
— Venice Metropolis (威尼斯城)		—	62,799	140,615	26,884	
— Qiangxi Garden (羌溪花苑)		—	—	157,744	27,349	
— Jiayuan New World (新天地)		—	—	101,709	9,262	
— Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場)		—	—	—	50,862	
Total		<u>288,586</u>	<u>485,617</u>	<u>411,585</u>	<u>142,435</u>	<u>225,424</u>

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We recorded gross loss for certain phases of our certain property development projects during the Track Record Period mainly attributable to the following factors, including (i) our pricing strategies in response to the changes in the market condition and selling price of properties developed by our competitors; (ii) our price promotion for the initial phase of certain property development projects; and (iii) increased development costs for certain phases of our property development projects for some infrastructure and facilities, such as model houses and landscape facilities.

During the Track Record Period, our overall gross profit was approximately RMB298.2 million, RMB501.8 million, RMB432.0 million and RMB240.4 million for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, respectively, while our overall gross profit margin was approximately 14.2%, 19.7%, 18.6% and 24.3%, respectively. Our overall gross profit margin was primarily affected by (i) our revenue mix; and (ii) our gross profit margin for property development, which depended on our average selling price of the properties sold and delivered and unit cost of property development. Gross profit margin for development services was low as our Group was providing such development services to government organisations for the development of resettlement properties and development or refurbishment of other types of properties, facilities or infrastructure. Our Group generally did not incur any cost of sales for our property investment business.

### Other income

During the Track Record Period, our other income comprised interest income on bank deposits and others which mainly included waste treatment fees and fees charged for the change of owners' name.

The following table sets out a breakdown of our other income for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income on bank deposits	1,027	634	905	351	532
Others	<u>641</u>	<u>1,932</u>	<u>765</u>	<u>480</u>	<u>1,427</u>
Total	<u><u>1,668</u></u>	<u><u>2,566</u></u>	<u><u>1,670</u></u>	<u><u>831</u></u>	<u><u>1,959</u></u>

### Other gains and losses

During the Track Record Period, our other gains mainly comprised change in fair value of investments designated at fair value through profit or loss, gain on disposal of a subsidiary and property and equipment and foreign exchange gain. During the Track Record Period, our other losses primarily consisted of loss on disposal of property and equipment and foreign exchange loss.

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The following table sets out a breakdown of our other gains and losses for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
(Loss) gain on disposal of property and equipment	—	(19)	155	155	(313)
Change in fair value of investments designated at fair value through profit or loss	79	103	225	—	750
Gain on disposal of a subsidiary	4,051	—	—	—	—
Foreign exchange (loss) gain	<u>(152)</u>	<u>8,403</u>	<u>(18,285)</u>	<u>(10,734)</u>	<u>(23,809)</u>
Total	<u>3,978</u>	<u>8,487</u>	<u>(17,905)</u>	<u>(10,579)</u>	<u>(23,372)</u>

Our foreign exchange (loss) gain during the Track Record Period mainly resulted from our bank borrowings denominated in HKD. The appreciation of RMB contributed to our foreign exchange gain on such HKD-denominated bank borrowings. Conversely, the depreciation of RMB contributed to our foreign exchange loss on such HKD-denominated bank borrowings.

Our (loss) gain on disposal of property and equipment mainly represented gain or loss arising from the sale of our motor vehicles and office equipment.

Our change in fair value of investments designated at fair value through profit or loss mainly represented realised fair value gain arising from the sale of our financial assets at fair value through profit or loss. Please refer to the section headed “Financial information — Certain items of consolidated statements of financial position — Financial assets at fair value through profit or loss” in this prospectus for details of our financial assets at fair value through profit or loss.

### Change in fair value of investment properties

The following table sets out a breakdown of our change in fair value of investment properties for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Fair value gains on investment properties excluding gains attributable to disposal of investment properties	3,450	123,837	95,560	88,051	26,034
Fair value gains attributable to disposal of investment properties	<u>2,589</u>	<u>2,589</u>	<u>1,553</u>	<u>1,035</u>	<u>136,540</u>
Total	<u>6,039</u>	<u>126,426</u>	<u>97,113</u>	<u>89,086</u>	<u>162,574</u>

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Our investment properties are properties held to earn rental and/or for capital appreciation and measured using fair value model. The fair value of each of our investment properties was primarily affected by the demand and supply for comparable properties, which were dictated by the real estate market conditions as driven by the economic growth, demographic changes and government policies in the locations where the investment properties were located.

Our fair value gains attributable to disposal of investment properties mainly represented fair value gains, which were realised for the investment properties disposed during the eight months ended 31 August 2015, of approximately RMB2.6 million, RMB2.6 million, RMB1.6 million and RMB136.5 million for the years ended 31 December 2012, 2013, 2014 and the eight months ended 31 August 2015, respectively. The significant amount of fair value gains attributable to disposal of investment properties for the eight months ended 31 August 2015 was as a result of the significant additions of our disposed commercial properties of Oriental Bright City (東方不夜城) during the eight months ended 31 August 2015.

### **Change in fair value upon transfer from inventory properties to investment properties**

Transfer of inventory properties to investment properties mainly referred to the appropriation by our Group of completed properties developed by us that had not been contracted for sales but our leasing with a view to earning rental income. Our Directors confirm that, during the Track Record Period, our Group changed the use of properties from inventory properties to investment properties when our management believed that it was more beneficial and profitable to lease such properties than to sell such properties by considering the following factors, including but not limited to, (i) the prevailing and expected economic conditions; (ii) the supply and demand of similar properties; and (iii) the expected return for sale or rental, and whether we had the necessary resources, including financing or capital resources, to manage those properties as investment properties. In addition, we retain these commercial properties as our Directors anticipate capital appreciation in the long run due to the location of our commercial properties.

During the Track Record Period, our Group accounted for the transfer of our inventory properties to investment properties in accordance with paragraph 57(d) of HKAS 40 *Investment Property* when and only when there is a change in use evidenced by commencement of lease agreement entered into with the tenant. The difference between the fair value of the relevant property at that date and its previous carrying amount is recognised as profit or loss. As a result, the amount represented the difference between the fair value of these properties at the date of transfer and their previous carrying amounts. The property development projects under which certain completed properties were appropriated for our rental purpose were mainly under Oriental Bright City (東方不夜城) in 2012, Jiayuan Centurial Scenery Park (世紀景園) in 2013, Jiayuan New World (新天地) and Jiayuan Centurial Garden (世紀花園) in 2014 and Oriental Bright City (東方不夜城) for the eight months ended 31 August 2015.

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The following table sets out a sensitivity analysis of hypothetical fluctuations in gain on fair value of investment properties and upon transfer from inventory properties to investment properties, with other assumptions held constant, and its effect on our Group's profit for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
Increase in gain on fair value	10%	20%	10%	20%	10%	20%	10%	20%	10%	20%
Impact on profit for the year/period (RMB'000)	1,793	3,587	9,654	19,309	13,368	26,736	7,040	14,081	19,793	39,587
Decrease in gain on fair value	10%	20%	10%	20%	10%	20%	10%	20%	10%	20%
Impact on profit for the year/period (RMB'000)	(1,793)	(3,587)	(9,654)	(19,309)	(13,368)	(26,736)	(7,040)	(14,081)	(19,793)	(39,587)

### Distribution and selling expenses

During the Track Record Period, our distribution and selling expenses mainly included salaries of our sales personnel, sales commission payable to the sales agents and advertising and promotion expenses (including advertisements in print media, on billboards, on television and on internet platforms). Our distribution and selling expenses in any period may be affected by the number of newly introduced property development projects in that period. While our distribution and selling expenses recorded relatively steady growth from 2012 to 2013 by approximately 32.4%, there was a relatively significant increase from 2013 to 2014 by approximately 140.3%, which was primarily attributable to (i) an increase in our sales commission; and (ii) an increase in our advertising and promotion expenses. Our distribution and selling expenses also experienced a relatively significant growth from the eight months ended 31 August 2014 to the same period in 2015 by approximately 300.1%, mainly due to (i) an increase in our salaries; (ii) an increase in our sales commission; and (iii) an increase in our advertising and promotion expenses.

The following table sets out a breakdown of our distribution and selling expenses for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Salaries	3,219	16.3	3,651	14.0	5,185	8.2	3,092	15.5	8,016	10.0
Sales commission	3,185	16.1	6,527	24.9	28,861	45.9	3,124	15.6	50,842	63.6
Advertising and promotion expenses	9,954	50.4	10,705	40.9	24,520	39.0	10,538	52.8	17,876	22.4
Depreciation	23	0.1	33	0.1	30	0.1	38	0.2	23	0.0
Others <sup>(Note)</sup>	3,383	17.1	5,257	20.1	4,292	6.8	3,184	15.9	3,175	4.0
Total	<u>19,764</u>	<u>100.0</u>	<u>26,173</u>	<u>100.0</u>	<u>62,888</u>	<u>100.0</u>	<u>19,976</u>	<u>100.0</u>	<u>79,932</u>	<u>100.0</u>

*Note:* Others primarily included consulting fees, printing fees, costs relating to different events in relation to the property projects, property management fees, etc.

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### Administrative expenses

During the Track Record Period, our administrative expenses mainly consisted of (i) staff costs in relation to salaries, allowances and social security contribution of our administrative personnel; (ii) entertainment and travelling expenses mainly in relation to the meal and travelling expenses incurred for our business meetings, etc. and (iii) other tax charges (such as stamp duty payable on the part of our Group for the sale of our properties).

The following table sets out a breakdown of our administrative expenses for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Staff costs	16,842	32.6	21,254	34.3	25,264	38.1	14,949	39.5	14,646	36.0
Other tax charges	15,255	29.5	21,968	35.5	16,328	24.6	9,500	25.1	7,572	18.6
Entertainment and travelling expenses	5,604	10.8	4,807	7.8	7,528	11.3	4,240	11.2	5,540	13.6
Depreciation <sup>(Note 1)</sup>	2,164	4.2	2,283	3.7	3,553	5.4	2,215	5.9	2,270	5.6
Motor vehicle expenses <sup>(Note 2)</sup>	1,601	3.1	2,139	3.5	2,783	4.2	1,527	4.0	1,733	4.3
Others <sup>(Note 3)</sup>	10,246	19.8	9,399	15.2	10,879	16.4	5,384	14.3	8,880	21.9
<b>Total</b>	<b>51,712</b>	<b>100.0</b>	<b>61,850</b>	<b>100.0</b>	<b>66,335</b>	<b>100.0</b>	<b>37,815</b>	<b>100.0</b>	<b>40,641</b>	<b>100.0</b>

Notes:

- (1) Depreciation mainly represented depreciation of our motor vehicles and office equipment.
- (2) Motor vehicle expenses mainly represented the fuel, repair and maintenance expenses and tolls incurred for our use of motor vehicles.
- (3) Others mainly consisted of utilities, bank charges, office rents and other miscellaneous expenses.

We recorded steady growth of our administrative expenses by approximately 19.6% from 2012 to 2013, approximately 7.3% from 2013 to 2014 and approximately 7.5% for the eight months ended 31 August 2014 to the eight months ended 31 August 2015 which was generally in line with our business expansion.

### Other expenses

During the Track Record Period, our other expenses mainly represented (i) listing expenses payable to relevant professional parties in relation to the Listing; (ii) compensation paid to purchasers of our properties as a result of our delay in property delivery; and (iii) penalties and surcharges mainly paid to the PRC Government in relation to late payment of taxes and tax non-compliance. The relatively significant increase in our other expenses from 2012 to 2013 by approximately 895.2% was mainly attributable to an increase in compensation paid to purchasers. The further increase in our other expenses from 2013 to 2014 by approximately 39.1% was mainly attributable to (i) an increase in compensation paid to purchasers; and (ii) an increase in penalties and surcharges mainly in relation to tax non-compliance. For details of our tax non-compliance, please refer to the section headed “Business — Non-compliance” in this prospectus. The decrease in our other expenses from the eight months ended 31 August 2014 to the eight months ended 31 August 2015 by approximately 34.3% was primarily attributable to a decrease in compensation paid to purchasers despite listing expenses incurred in relation to the Listing during the eight months ended 31 August 2015.



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The following table sets out a breakdown of our other expenses for the periods indicated:

	For the year ended 31 December						For the eight months ended 31 August			
	2012		2013		2014		2014		2015	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Listing expenses	—	—	—	—	—	—	—	—	12,071	52.2
Compensation to purchasers	—	—	31,056	87.1	39,032	78.7	32,221	91.5	—	—
Donations	10	0.3	128	0.4	701	1.4	406	1.2	547	2.4
Penalties and surcharges	2,556	71.3	3,209	9.0	9,052	18.3	1,703	4.8	9,648	41.7
Others	1,017	28.4	1,266	3.5	810	1.6	880	2.5	861	3.7
<b>Total</b>	<b>3,583</b>	<b>100.0</b>	<b>35,659</b>	<b>100.0</b>	<b>49,595</b>	<b>100.0</b>	<b>35,210</b>	<b>100.0</b>	<b>23,127</b>	<b>100.0</b>

### Finance costs

Our finance costs primarily represented interest expenses on HKD-denominated bank borrowings borrowed by our Group, which were not borrowed specifically for property development purpose. Our finance costs were calculated by deducting total interest expenses on bank and other borrowings by capitalised interests in investment properties or properties under development (which were then realised in “cost of property development — capitalised interests” under cost of sales in the profit or loss when the inventories of properties were sold and delivered). The following table sets out a breakdown of our finance costs for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings (per repayment schedule)					
— wholly repayable within five years	145,440	438,770	604,748	396,597	361,665
— wholly repayable after five years	—	—	253	93	318
	145,440	438,770	605,001	396,690	361,983
Less: Capitalised in investment properties/properties under development	(145,178)	(429,113)	(566,710)	(370,824)	(332,732)
<b>Total</b>	<b>262</b>	<b>9,657</b>	<b>38,291</b>	<b>25,866</b>	<b>29,251</b>

The increases in our interest expenses (including the capitalised interests) by approximately 201.7% from 2012 to 2013 and by approximately 37.9% from 2013 to 2014 were primarily attributable to an increase in our bank and other borrowings over the course of such period. The decrease in our interest expenses (including the capitalised interests) from the eight months ended 31 August 2014 to the eight months ended 31 August 2015 by approximately 8.7% was mainly due to a decrease in our other loans with relatively higher interest rates.

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### Income tax expense

Our income tax expense represented the sum of the tax currently payable and deferred tax. The following table sets out a breakdown of our income tax expenses for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:					
Enterprise income tax					
in the PRC	75,092	90,845	94,687	34,165	35,284
LAT	<u>66,162</u>	<u>90,751</u>	<u>94,862</u>	<u>30,701</u>	<u>41,377</u>
	141,254	181,596	189,549	64,866	76,661
Deferred tax	<u>(24,733)</u>	<u>15,006</u>	<u>(5,417)</u>	<u>1,032</u>	<u>50,425</u>
Total	<u><u>116,521</u></u>	<u><u>196,602</u></u>	<u><u>184,132</u></u>	<u><u>65,898</u></u>	<u><u>127,086</u></u>

Taxable profit differs from “profit before taxation” in our consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are temporarily not taxable or not tax deductible in that particular year and it further excludes items that are never taxable or tax deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

The changes of our income tax expense during the Track Record Period were generally in line with the changes in our profit before taxation over the same period.

Our effective income tax rate, which is calculated by dividing the sum of current enterprise income tax, deferred tax and LAT by profit before taxation from continuing operations, was approximately 46.2%, 38.7%, 48.9% and 41.0% for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, respectively.

Fluctuations in our effective tax rate from period to period were primarily due to changes in our LAT provision, expenses not deductible for tax purpose and tax losses not recognised.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the section headed “Business — Non-compliance” in this prospectus, we had paid all relevant taxes when due and there were no matters in dispute or unresolved with the relevant tax authorities.

### *Corporate income tax*

Under the PRC Enterprise Income Tax Law and its implementation regulation, the tax rate applicable to our PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision for taxation was made for companies incorporated in the Cayman Islands and the BVI as they were not subject to any tax during the Track Record Period.

Hong Kong Profits Tax was calculated at 16.5% of the assessable profit during the Track Record Period. No provision for Hong Kong Profits Tax was made as our Group did not have any assessable profit during the Track Record Period subject to Hong Kong Profits Tax.

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### LAT

Under relevant PRC laws and regulations, our property development business in the PRC is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value. As required by the local tax authorities in the PRC, we generally pay 2% to 4% of our pre-sale and sale proceeds as prepaid LAT each year and settle the final LAT payable in respect of our property development projects after the sale of the properties meets certain criteria. We make provisions for LAT upon recognition of revenue.

### Deferred tax

Our deferred tax primarily represented the movement of our deferred tax assets and liabilities mainly arising from the temporary differences of accrued LAT, fair value of investment properties, deferred income and tax losses.

### DISCUSSION OF RESULTS OF OPERATIONS

The following table sets out our consolidated results of operations for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000 (unaudited)	2015 RMB'000
<b>Continuing operations</b>					
Revenue	2,094,856	2,544,619	2,318,266	1,243,345	991,005
Cost of sales	(1,796,679)	(2,042,775)	(1,886,302)	(1,090,271)	(750,585)
<b>Gross profit</b>	298,177	501,844	431,964	153,074	240,420
Other income	1,668	2,566	1,670	831	1,959
Other gains and losses	3,978	8,487	(17,905)	(10,579)	(23,372)
Change in fair value of investment properties	6,039	126,426	97,113	89,086	162,574
Change in fair value upon transfer from inventory properties to investment properties	17,873	2,299	81,127	4,784	101,338
Distribution and selling expenses	(19,764)	(26,173)	(62,888)	(19,976)	(79,932)
Administrative expenses	(51,712)	(61,850)	(66,335)	(37,815)	(40,641)
Other expenses	(3,583)	(35,659)	(49,595)	(35,210)	(23,127)
Finance costs	(262)	(9,657)	(38,291)	(25,866)	(29,251)
<b>Profit before taxation</b>	252,414	508,283	376,860	118,329	309,968
Income tax expense	(116,521)	(196,602)	(184,132)	(65,898)	(127,086)
Profit for the year/period	135,893	311,681	192,728	52,431	182,882
<b>Discontinued operations</b>					
Profit (loss) for the year/period from discontinued operations	52,903	(67,969)	(29,743)	(8,606)	(23,345)
Profit and total comprehensive income for the year/period	<u>188,796</u>	<u>243,712</u>	<u>162,985</u>	<u>43,825</u>	<u>159,537</u>

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Profit and total comprehensive income (expense) for the year/period attributable to:	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(unaudited)	
Owners of our Company					
— from continuing operations	132,325	296,575	192,493	52,241	177,921
— from discontinued operations	<u>42,821</u>	<u>(36,823)</u>	<u>(21,538)</u>	<u>(4,376)</u>	<u>(17,826)</u>
	<u>175,146</u>	<u>259,752</u>	<u>170,955</u>	<u>47,865</u>	<u>160,095</u>
Non-controlling interests					
— from continuing operations	3,568	15,106	235	190	4,961
— from discontinued operations	<u>10,082</u>	<u>(31,146)</u>	<u>(8,205)</u>	<u>(4,230)</u>	<u>(5,519)</u>
	<u>13,650</u>	<u>(16,040)</u>	<u>(7,970)</u>	<u>(4,040)</u>	<u>(558)</u>

### **Eight months ended 31 August 2015 compared to eight months ended 31 August 2014**

#### **Revenue**

Our revenue decreased from approximately RMB1,243.3 million for the eight months ended 31 August 2014 to approximately RMB991.0 million for the eight months ended 31 August 2015, representing a decrease by approximately 20.3%, mainly due to a decrease in our revenue from property development and development services.

Our revenue from property development decreased from approximately RMB1,066.8 million for the eight months ended 31 August 2014 to approximately RMB973.1 million for the eight months ended 31 August 2015, representing a decrease by approximately 8.8%, primarily due to a decrease in the GFA delivered from approximately 202,911 sq.m. (mainly related to Suqian Park Number One — Phase I (宿遷公園一號 — 一期), Venice Metropolis (威尼斯城) and Oriental Paris City (東方巴黎城) sold and delivered) for the eight months ended 31 August 2014 to approximately 199,654 sq.m. (mainly Suqian Park Number One — Phase II (宿遷公園一號 — 二期) and Rome Metropolis (羅馬都市)) for the eight months ended 31 August 2015, and a decrease in our average selling price for properties sold and delivered by approximately 7.3% from approximately RMB5,257.6 per sq.m. for the eight months ended 31 August 2014 to approximately RMB4,874.0 per sq.m. for the eight months ended 31 August 2015. The decrease in our average selling price was mainly attributable to the fact that properties we sold and delivered during the eight months ended 31 August 2015 mainly included Suqian Park Number One — Phase II (宿遷公園一號 — 二期) and Rome Metropolis (羅馬都市), which were located in Suqian where the average selling price in the market was generally relatively lower (as compared to a higher portion of that for those sold and delivered during the eight months ended 31 August 2014, which were situated in Taizhou).

Our development services income decreased from approximately RMB167.1 million for the eight months ended 31 August 2014 to approximately RMB3.0 million for the eight months ended 31 August 2015 as a result of the completion of most of our development services projects, including Qiangxi Garden resettlement project and Huxirenjia resettlement project in 2014 and we only had certain relatively small development services projects in Siyang, which contributed the development services income of approximately RMB3.0 million for the eight months ended 31 August 2015.

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Our revenue from property investment recorded steady growth from the eight months ended 31 August 2014 to the eight months ended 31 August 2015, increasing from approximately RMB9.4 million for the eight months ended 31 August 2014 to approximately RMB14.9 million for the eight months ended 31 August 2015 (representing an increase by approximately 57.7%), primarily due to an increase in our leased GFA from approximately 52,546 sq.m. for the eight months ended 31 August 2014 to approximately 125,823 sq.m. for the eight months ended 31 August 2015 mainly attributable to the fact that we completed and began leasing the initial phase of the commercial part of Rome Metropolis (羅馬都市), Jiayuan New World (新天地) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) after the eight months ended 31 August 2014.

### *Cost of sales*

Our cost of sales decreased from approximately RMB1,090.3 million for the eight months ended 31 August 2014 to approximately RMB750.6 million for the eight months ended 31 August 2015, representing a decrease by approximately 31.2%, primarily due to decreases in our development costs and land acquisition costs under property development from approximately RMB682.4 million and RMB183.7 million, respectively, for the eight months ended 31 August 2014 to approximately RMB581.5 million and RMB129.1 million, respectively, for the eight months ended 31 August 2015. Such decreases primarily resulted from (i) a relatively lower land acquisition cost in Suqian where our major property development projects sold and delivered for the eight months ended 31 August 2015 were located; and (ii) a decrease in GFA sold and delivered during the eight months ended 31 August 2015. Our unit cost of property development thus decreased by approximately 17.8% from approximately RMB4,555.7 per sq.m. for the eight months ended 31 August 2014 to approximately RMB3,744.9 per sq.m. for the eight months ended 31 August 2015.

### *Gross profit*

As a result of the foregoing reasons as discussed in the above paragraphs for revenue and cost of sales, our gross profit increased from approximately RMB153.1 million for the eight months ended 31 August 2014 to approximately RMB240.4 million for the eight months ended 31 August 2015, representing an increase by approximately 57.1%. Our gross profit margin increased from approximately 12.3% for the eight months ended 31 August 2014 to approximately 24.3% for the eight months ended 31 August 2015, which was mainly attributable to (i) a decrease in our development services income in proportion to our total revenue from approximately 13.4% for the eight months ended 31 August 2014 to approximately 0.3% for the eight months ended 31 August 2015, which contributed low gross profit margins of approximately 0.7% and 3.2%, respectively; and (ii) the rate of decrease in average unit cost of property development of approximately 17.8% was greater the rate of decrease in average selling price for properties sold and delivered of approximately 7.3%.

### *Other gains and losses*

We had other net losses of approximately RMB10.6 million and RMB23.4 million for the eight months ended 31 August 2014 and 2015, respectively. The increase in other net losses by approximately 120.9% was mainly attributable to an increase in foreign exchange loss from approximately RMB10.7 million for the eight months ended 31 August 2014 to approximately RMB23.8 million for the eight months ended 31 August 2015, which was mainly as a result of the depreciation of RMB that contributed to the appreciation of the value of our HKD-denominated bank borrowings.

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### *Change in fair value of investment properties*

Our change in fair value of investment properties increased from approximately RMB89.1 million for the eight months ended 31 August 2014 to approximately RMB162.6 million for the eight months ended 31 August 2015, representing an increase by approximately 82.5%, mainly attributable to (i) the fair value gains attributable to disposal of investment properties of approximately RMB136.5 million arising from the disposal of certain commercial properties of Oriental Bright City (東方不夜城); (ii) the additions of the new investment properties, mainly including Xueyan Jiayuan Central Plaza (雪堰佳源中心廣場) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) during the eight months ended 31 August 2015; and (iii) the rise of property market price (assessed in accordance with property valuation by independent valuer) during the eight months ended 31 August 2015.

### *Change in fair value upon transfer from inventory properties to investment properties*

Our change in fair value upon transfer from inventory properties to investment properties increased from approximately RMB4.8 million for the eight months ended 31 August 2014 to approximately RMB101.3 million for the eight months ended 31 August 2015, representing an increase by approximately 2,018.3%, primarily attributable to our appropriation of certain completed properties, mainly under Oriental Bright City (東方不夜城) at the original cost of approximately RMB60.7 million, (as compared to a total of the original costs of only approximately RMB9.4 million for the eight months ended 31 August 2014) for rental purpose during the eight months ended 31 August 2015.

### *Distribution and selling expenses*

Our distribution and selling expenses increased from approximately RMB20.0 million for the eight months ended 31 August 2014 to approximately RMB79.9 million for the eight months ended 31 August 2015, representing an increase by approximately 300.1%, primarily due to (i) an increase in salaries primarily as a result of the employment of new sales team in Changzhou and Nanjing for the property sales of our new property development projects in these cities from the second quarter of 2014 and the addition of our existing sales team for the property sales of our property development projects in Suqian for the eight months ended 31 August 2015; (ii) an increase in our sales commission primarily as a result of an increase in our property pre-sale deposits received, mainly from our property pre-sale of Zijin Mansion (紫金華府) for the eight months ended 31 August 2015; and (iii) an increase in advertising and promotion expenses primarily for our property pre-sale of Zijin Mansion (紫金華府) for the eight months ended 31 August 2015.

### *Administrative expenses*

Our administrative expenses increased from approximately RMB37.8 million for the eight months ended 31 August 2014 to approximately RMB40.6 million for the eight months ended 31 August 2015, representing an increase by approximately 7.5%, primarily due to an increase in our entertainment and travelling expenses and others (such as office rent, utilities, etc.), mainly because of the business expansion of our property development.

### *Other expenses*

Our other expenses decreased from approximately RMB35.2 million for the eight months ended 31 August 2014 to approximately RMB23.1 million for the eight months ended 31 August 2015, representing a decrease by approximately 34.3%, primarily due to a decrease in compensation to purchasers, mainly because we paid for the delay of delivery of our properties under our Suqian Park Number One (宿遷公園一號) and Venice Metropolis (威尼斯城) for the eight months ended 31 August 2014 despite the listing expenses incurred in relation to the Listing during the eight months ended 31 August 2015.



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### *Finance costs*

Our finance costs increased from approximately RMB25.9 million for the eight months ended 31 August 2014 to approximately RMB29.3 million for the eight months ended 31 August 2015, representing an increase by approximately 13.1%, primarily due to an increase in HKD-denominated bank borrowings.

### *Profit before taxation*

As a result of the foregoing reasons, our profit before taxation increased from approximately RMB118.3 million for the eight months ended 31 August 2014 to approximately RMB310.0 million for the eight months ended 31 August 2015, representing an increase by approximately 162.0%.

### *Income tax expense*

Our income tax expense increased from approximately RMB65.9 million for the eight months ended 31 August 2014 to approximately RMB127.1 million for the eight months ended 31 August 2015, representing an increase by approximately 92.9%, primarily due to (i) an increase in profit before taxation, leading to an increase in taxable profit; and (ii) the appreciation of the fair value of our investment properties that resulted in an increase in our deferred tax liabilities.

Our effective tax rate decreased from approximately 55.7% for the eight months ended 31 August 2014 to approximately 41.0% for the eight months ended 31 August 2015, primarily due to a relatively significant increase in change in fair value of investment properties and upon transfer from inventory properties to investment properties, the effect of which was partially offset by an increase in expenses not deductible for tax purpose mainly related to the listing expenses incurred in related to the Listing, and foreign exchange loss and interest expenses arising from our bank borrowings in Hong Kong.

### *Profit for the period*

As a result of the foregoing reasons, our profit for the period increased from approximately RMB52.4 million for the eight months ended 31 August 2014 to approximately RMB182.9 million for the eight months ended 31 August 2015, representing an increase by approximately 248.8%. Our net profit margin increased from approximately 4.2% for the eight months ended 31 August 2014 to approximately 18.5% for the eight months ended 31 August 2015, mainly due to increases in gross profit margin, gains on fair value of our investment properties and upon transfer from properties to investment properties, the aggregate effect of which was partially offset by an increase in distribution and selling expenses.

### **Year ended 31 December 2014 compared to year ended 31 December 2013**

#### *Revenue*

Our revenue decreased from approximately RMB2,544.6 million in 2013 to approximately RMB2,318.3 million in 2014, representing a decrease by approximately 8.9%, mainly due to a decrease in our revenue from property development, which was partially offset by increases in our revenue from property investment and development services.

Our revenue from property development decreased from approximately RMB2,037.4 million in 2013 to approximately RMB1,776.9 million in 2014, representing a decrease by approximately 12.8%, primarily due to a decrease of the GFA of our properties sold and delivered from approximately 315,360 in 2013 to approximately 269,175 sq.m. in 2014 (representing a decrease by approximately 14.6%)



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mainly as a result of our development schedule. The properties we sold and delivered in 2014 mainly included Suqian Park Number One — Phase I (宿遷公園一號 — 一期), Oriental Paris City (東方巴黎城), Venice Metropolis (威尼斯城), Qiangxi Garden (羌溪花苑) and Jiayuan New World (新天地).

Our development services income increased from approximately RMB494.4 million in 2013 to approximately RMB525.1 million in 2014, representing an increase by approximately 6.2%, primarily due to the fact that a relatively significant progress of development services work under certain development services projects in Siyang (as compared to 2013) was performed in 2014.

Our revenue from property investment increased from approximately RMB12.8 million in 2013 to approximately RMB16.3 million in 2014, representing an increase by approximately 27.0%, primarily due to (i) an increase in our leased GFA from approximately 44,643.1 sq.m. in 2013 to approximately 89,248.0 sq.m. in 2014 (representing an increase by approximately 99.9%) mainly as a result of the fact that we completed the initial phase of the commercial part of Rome Metropolis (羅馬都市) and Jiayuan New World (新天地) in 2014 resulting in the expansion of our investment property portfolio.

### *Cost of sales*

Our cost of sales decreased from approximately RMB2,042.8 million in 2013 to approximately RMB1,886.3 million in 2014, representing a decrease by approximately 7.7%, primarily in line with the decrease in our revenue which was mainly due to a decrease in the GFA of our properties sold and delivered in 2014. Our unit cost of property development remained relatively stable at approximately RMB4,920.7 per sq.m. in 2013 and approximately RMB5,072.2 per sq.m. in 2014.

### *Gross profit*

As a result of the foregoing reasons as discussed in the above paragraphs for revenue and cost of sales, our gross profit decreased from approximately RMB501.8 million in 2013 to approximately RMB432.0 million in 2014, representing a decrease by approximately 13.9%. Our gross profit margin remained relatively stable at approximately 19.7% in 2013 and approximately 18.6% in 2014 mainly because the rate of decrease in revenue approximated to the rate of decrease in cost of sales.

### *Other gains and losses*

We had other net gains of approximately RMB8.5 million in 2013, but had other net losses of approximately RMB17.9 million in 2014. The change was primarily due to the change from a foreign exchange gain of approximately RMB8.4 million in 2013 to a foreign exchange loss of approximately 18.3 million in 2014 which was mainly as a result of the depreciation of RMB that contributed to the appreciation of the value of our HKD-denominated bank borrowings in 2014.

### *Change in fair value of investment properties*

Our change in fair value of investment properties decreased from approximately RMB126.4 million in 2013 to approximately RMB97.1 million in 2014, representing a decrease by approximately 23.2% mainly attributable to a decrease in additions of new investment properties from approximately RMB197.5 million for the year ended 31 December 2013 to approximately RMB96.4 million for the year ended 31 December 2014, mainly including the commercial part of Rome Metropolis (羅馬都市), Xueyan Jiayuan Central Plaza (雪堰佳源中心廣場) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) despite the rise of property market price (assessed in accordance with property valuation by independent valuer) during the course of the year.

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### *Change in fair value upon transfer from inventory properties to investment properties*

Our change in fair value upon transfer from inventory properties to investment properties increased from approximately RMB2.3 million in 2013 to approximately RMB81.1 million in 2014, representing an increase by approximately 3,428.8%, primarily attributable to our appropriation of certain completed properties, mainly under Jiayuan New World (新天地) and Jiayuan Centurial Garden (世紀花園) at original costs of approximately RMB231.1 million, (as compared to a total of the original costs of only approximately RMB4.8 million in 2013) for rental purpose in 2014.

### *Distribution and selling expenses*

Our distribution and selling expenses increased from approximately RMB26.2 million in 2013 to approximately RMB62.9 million in 2014, representing an increase by approximately 140.3%, primarily due to (i) an increase in salaries primarily as a result of the employment of new sales team for property sales of our property development projects in Changzhou and Nanjing from the second quarter of 2014 and the addition of our sales personnel for property sales of our existing sales team; (ii) an increase in sales commission primarily as a result of an increase in our property pre-sale deposits received, mainly from our property pre-sale for Zijin Mansion (紫金華府) in 2014; and (iii) our enhanced advertising efforts in 2014 for Zijin Mansion (紫金華府), Jiayuan New World (新天地) and Venice Metropolis (威尼斯城), in the form of advertising on print media, billboards, television and other internet platforms, resulting in an increase in our advertising and promotion expenses.

### *Administrative expenses*

Our administrative expenses increased from approximately RMB61.9 million in 2013 to approximately RMB66.3 million in 2014, representing an increase by approximately 7.3%, primarily due to an increase in our administrative personnel expenses (such as staff costs and entertainment and travelling expenses), mainly because of our business growth of property development.

### *Other expenses*

Our other expenses increased from approximately RMB35.7 million in 2013 to approximately RMB49.6 million in 2014, representing an increase by approximately 39.1%, primarily due to (i) an increase in our compensation paid to purchasers of our properties for our delay in delivery of properties under our Suqian Park Number One (宿遷公園一號) and Venice Metropolis (威尼斯城) in 2014; and (ii) penalty for tax non-compliance of approximately RMB5.2 million in 2014.

### *Finance costs*

Our finance costs increased from approximately RMB9.7 million in 2013 to approximately RMB38.3 million in 2014, representing an increase by approximately 296.5%, primarily due to an increase in our HKD-denominated bank borrowings borrowed by our Group, which were not borrowed specifically for property development purpose.

### *Profit before taxation*

As a result of the foregoing reasons, our profit before taxation decreased from approximately RMB508.3 million in 2013 to approximately RMB376.9 million in 2014, representing a decrease by approximately 25.9%.

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### *Income tax expense*

Our income tax expense decreased from approximately RMB196.6 million in 2013 to approximately RMB184.1 million in 2014, representing a decrease by approximately 6.3%, primarily due to a decrease in profit before taxation, leading to a decrease in taxable profit.

Our effective tax rate increased from approximately 38.7% in 2013 to approximately 48.9% in 2014, primarily due to the higher LAT provision we made in 2014 in relation to Venice Metropolis (威尼斯城) and Jiayuan New World (新天地), which contributed a higher percentage of our gross profit as compared to that in 2013. The higher effective tax rate in 2014 was also attributable to increases in expenses not deductible for tax purpose mainly related to foreign exchange loss and interest expenses arising from our bank borrowings in Hong Kong and tax losses not recognised.

### *Profit for the year*

As a result of the foregoing reasons, our profit for the year decreased from approximately RMB311.7 million in 2013 to approximately RMB192.7 million in 2014, representing a decrease by approximately 38.2%. Our net profit margin decreased from approximately 12.2% in 2013 to approximately 8.3% in 2014, mainly due to increases in distribution and selling expenses and finance costs and change from other net gains in 2013 to other net losses in 2014, while our gross profit margin maintained relatively stable.

### **Year ended 31 December 2013 compared to year ended 31 December 2012**

#### *Revenue*

Our revenue increased from approximately RMB2,094.9 million in 2012 to approximately RMB2,544.6 million in 2013, representing an increase by approximately 21.5%, mainly due to an increase in our revenue from property development and development services.

Our revenue from property development increased from approximately RMB1,796.0 million in 2012 to approximately RMB2,037.4 million in 2013, representing an increase by approximately 13.4%, primarily due to the fact that the average selling price for properties sold and delivered under our property development projects in 2013 (mainly comprising Yangzhou Park Number One (揚州公園一號), Elite International Garden — Phase II (名人國際花園 — 二期) and Venice Metropolis (威尼斯城), representing approximately 80.9% of the total GFA of our properties sold and delivered in 2013) was higher than that in 2012 (mainly comprising Elite International Garden — Phase I (名人國際花園 — 一期), Oriental Paris City (東方巴黎城), Jiayuan Centurial Garden (世紀花園), Jiayuan Centurial Villa (世紀豪園) and Jiayuan Centurial Scenery Park (世紀景園), representing approximately 87.2% of the total GFA of our properties sold and delivered in 2012); offset by a decrease of our GFA sold and delivered from approximately 358,119 sq.m. in 2012 to approximately 315,360 sq.m. in 2013. The increase in our average selling price for properties sold and delivered from approximately RMB5,015.1 per sq.m. in 2012 to approximately RMB6,460.6 per sq.m. in 2013 was mainly attributable to (i) the fact that properties we sold and delivered in 2013 included Venice Metropolis (威尼斯城), which was located in Taixing where the average selling price in the market was generally relatively higher (as compared to that for those sold and delivered in 2012, which were mainly situated in Suqian and Yangzhou); and (ii) the fact that the average selling price for properties sold and delivered in respect of Yangzhou Park Number One (揚州公園一號), of which the GFA sold and delivered increased from approximately 32,709 sq.m. in 2012 to approximately 83,562 sq.m. in 2013, increased mainly due to a relatively higher level of demand.

Our development services income increased from approximately RMB292.2 million in 2012 to approximately RMB494.4 million in 2013, representing an increase by approximately 69.2%, primarily

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due to the fact that a relatively significant progress of development services work under Qiangxi Garden (羌溪花苑) resettlement operations was performed in 2013 (as compared to 2012).

Our revenue from property investment increased from approximately RMB6.7 million in 2012 to approximately RMB12.8 million in 2013, representing an increase by approximately 91.5%, primarily due to the fact that the lease agreements in respect of the retail shops in Oriental Bright City (東方不夜城) and Quexiandao Number One (鵲仙島一號) became effective in the middle of 2012 and thus we were only able to recognise rental income for approximately half a year in 2012, resulting in a lower level of rental income despite only a relatively gentle increase by approximately 11.0% in leased GFA from 2012 to 2013.

### *Cost of sales*

Our cost of sales increased from approximately RMB1,796.7 million in 2012 to approximately RMB2,042.8 million in 2013, representing an increase by approximately 13.7%, primarily due to (i) an increase in our capitalised interests from approximately RMB50.9 million in 2012 to approximately RMB108.1 million in 2013, mainly attributable to an increase in our bank and other borrowings specifically for our property development; and (ii) an increase in our development services income in 2013 as compared to 2012, leading to an increase in our cost of development services. Our unit cost of property development increased by approximately 16.9% from approximately RMB4,209.2 per sq.m. in 2012 to approximately RMB4,920.7 per sq.m. in 2013, primarily due to an increase in unit development costs of our properties sold and delivered in 2013.

### *Gross profit*

As a result of the foregoing reasons as discussed in the above paragraphs for revenue and cost of sales, our gross profit increased from approximately RMB298.2 million in 2012 to approximately RMB501.8 million in 2013, representing an increase by approximately 68.3%. Our gross profit margin increased from approximately 14.2% in 2012 to approximately 19.7% in 2013, mainly due to the rate of increase in our average selling price for properties sold and delivered of approximately 28.8% was greater than the rate of increase in unit cost of property development of approximately 16.9%, the effect of which was partially offset by an increase in our development services income in proportion to our total revenue from approximately 14.0% in 2012 to approximately 19.4% in 2013, which contributed low gross profit margins of approximately 1.0% and 0.7%, respectively.

### *Other gains and losses*

Our other net gains increased from approximately RMB4.0 million in 2012 to approximately RMB8.5 million in 2013, representing an increase by approximately 113.3%, primarily due to the fact that we had foreign exchange gain of approximately RMB8.4 million in 2013 (which was the result of the appreciation of RMB that contributed to depreciation of our HKD-denominated borrowings) while we had foreign exchange loss of approximately RMB0.2 million in 2012; offset by a gain of approximately RMB4.1 million on disposal of Huzhou Xinyuan, which was principally engaged in construction management operations, in October 2012.

### *Change in fair value of investment properties*

Change in fair value of investment properties increased from approximately RMB6.0 million in 2012 to approximately RMB126.4 million in 2013, representing an increase by approximately 1,993.5% mainly attributable to (i) the additions of investment properties, mainly including the commercial part of Xueyan Jiayuan Central Plaza (雪堰佳源中心廣場), Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場)

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and Rome Metropolis (羅馬都市); and (ii) the rise of property market price (assessed in accordance with property valuation by independent valuer) during the course of the year.

### *Change in fair value upon transfer from inventory properties to investment properties*

Our change in fair value upon transfer from inventory properties to investment properties decreased from approximately RMB17.9 million in 2012 to approximately RMB2.3 million in 2013, representing a decrease by approximately 87.1%, primarily attributable to our appropriation of certain completed properties, mainly under Oriental Bright City (東方不夜城) at original cost of approximately RMB33.6 million, (as compared to a total of the original costs of only approximately RMB4.8 million in 2013) for rental purpose in 2012.

### *Distribution and selling expenses*

Our distribution and selling expenses increased from approximately RMB19.8 million in 2012 to approximately RMB26.2 million in 2013, representing an increase by approximately 32.4%, primarily due to an increase in our sales commission which resulted from our increased deployment of sales agents for the sale of our properties in 2013.

### *Administrative expenses*

Our administrative expenses increased from approximately RMB51.7 million in 2012 to approximately RMB61.9 million in 2013, representing an increase by approximately 19.6%, primarily due to (i) an increase in our administrative personnel expenses (such as salaries, allowances and retirement benefit scheme contributions) mainly because of our business growth of property development; and (ii) an increase in other tax charges mainly represented stamp duty, in line with an increase in our revenue from property development.

### *Other expenses*

Our other expenses increased from approximately RMB3.6 million in 2012 to approximately RMB35.7 million in 2013, representing an increase by approximately 895.2%, primarily due to an increase in our compensation paid to purchasers of our properties for our delay in the completion of construction of Elite International Garden (名人國際花園) and Venice Metropolis (威尼斯城), resulting in delay in our delivery of considerable amount of properties under these property development projects.

### *Finance costs*

Our finance costs increased from approximately RMB0.3 million in 2012 to approximately RMB9.7 million in 2013, representing an increase by approximately 3,585.9%, primarily due to (i) a relatively substantive increase in our bank and other borrowings; and (ii) most of our bank and other borrowings were obtained specifically for our property development or investment, resulting in capitalisation of almost all interest expenses to the inventories of properties or investment properties in 2012.

### *Profit before taxation*

As a result of the foregoing reasons, our profit before taxation increased from approximately RMB252.4 million in 2012 to approximately RMB508.3 million in 2013, representing an increase by approximately 101.4%.

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### *Income tax expense*

Our income tax expense increased from approximately RMB116.5 million in 2012 to approximately RMB196.6 million in 2013, representing an increase by approximately 68.7%, primarily due to an increase in our profit before taxation, leading to an increase in taxable profit.

Our effective tax rate decreased from approximately 46.2% in 2012 to approximately 38.7% in 2013, primarily due to the higher LAT provision we made in 2012 in relation to Jiayuan Centurial Villa (世紀豪園), which contributed a higher percentage of our gross profit as compared to that in 2013.

### *Profit for the year*

As a result of the foregoing reasons, our profit for the year increased from approximately RMB135.9 million in 2012 to approximately RMB311.7 million in 2013, representing an increase by approximately 129.4%. Our net profit margin increased from approximately 6.5% in 2012 to approximately 12.2% in 2013, mainly due to an increase in our gross profit margin.

## CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including both properties under construction and completed properties). Our completed investment properties and investment properties under construction are all situated in the PRC under medium-term leases. During the Track Record Period, all leased investment properties were rented out under operating leases. As at 31 December 2012, 2013 and 2014 and 31 August 2015, our fair value of investment properties were approximately RMB428.5 million, RMB760.2 million, RMB1,272.7 million and RMB1,366.8 million, respectively.

The increase in our investment properties from 31 December 2012 to 31 December 2013 was primarily due to (i) the additions of our investment properties of approximately RMB197.5 million, mainly under our Xueyan Jiayuan Central Plaza (雪堰佳源中心廣場), Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) and Rome Metropolis (羅馬都市) in 2013; and (ii) a net increase in fair value of our investment properties of approximately RMB127.1 million, mainly from our investment properties under the abovementioned property development projects.

The increase in our investment properties from 31 December 2013 to 31 December 2014 was mainly due to (i) a net increase in fair value of our investment properties of approximately RMB97.5 million, mainly our investment properties under Rome Metropolis (羅馬都市), Xueyan Jiayuan Central Plaza (雪堰佳源中心廣場) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場); (ii) the transfer from our inventories of properties, mainly the retail shops within our Jiayuan New World (新天地) with a fair value of approximately RMB299.2 million as at the date of transfer to investment properties; and (iii) the additions of our investment properties of approximately RMB96.4 million, mainly under our Rome Metropolis (羅馬都市) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) in 2014.

The increase in our investment properties from 31 December 2014 to 31 August 2015 was primarily attributable to (i) the transfer from inventories of properties, mainly the retail shops within our Oriental Bright City (東方不夜城) with a fair value of approximately RMB162.0 million as at the date of transfer for rental purpose during the eight months ended 31 August 2015; and (ii) an increase in fair value of our investment properties of approximately RMB162.8 million, mainly from our investment properties under Oriental Bright City (東方不夜城) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場), the



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aggregate effects of which was partially offset by the disposal of certain investment properties under Oriental Bright City (東方不夜城) amounting to approximately RMB281.0 million mainly due to the generation of cash for funding of our property development business. Our abovementioned investment properties disposed of under Oriental Bright City (東方不夜城) and investment properties transferred from inventory properties under Oriental Bright City (東方不夜城) during the eight months ended 31 August 2015 represented totally different units of properties. Such disposed investment properties were held by us to earn rentals and for capital appreciation during the Track Record Period before the disposal. Our Directors confirm that the disposal was accounted for in accordance with paragraph 66 of HKAS 40 *Investment Property* where the investment properties are derecognised when the investment properties are permanently withdrawn from use and no future economic benefits are expected from their disposal.

The following table sets out the movement of our investment properties during the periods indicated:

	<b>Completed investment properties RMB'000</b>	<b>Investment properties under construction RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2012	367,227	—	367,227
Transfer from properties under development	701	—	701
Transfer from properties held for sale	53,739	—	53,739
Net change in fair value recognised in profit or loss	<u>6,869</u>	<u>—</u>	<u>6,869</u>
At 31 December 2012	428,536	—	428,536
Additions	—	197,498	197,498
Transfer from properties held for sale	7,101	—	7,101
Net change in fair value recognised in profit or loss	<u>9,213</u>	<u>117,862</u>	<u>127,075</u>
At 31 December 2013	444,850	315,360	760,210
Additions	—	96,365	96,365
Transfer from property and equipment	5,313	—	5,313
Transfer from properties under development	299,180	—	299,180
Transfer from properties held for sale	14,144	—	14,144
Transfer	160,397	(160,397)	—
Net change in fair value recognised in profit or loss	<u>53,801</u>	<u>43,672</u>	<u>97,473</u>
At 31 December 2014	977,685	295,000	1,272,685
Additions	—	76,574	76,574
Disposal	(280,988)	—	(280,988)
Disposal of a subsidiary	(26,280)	—	(26,280)
Transfer from properties held for sale	162,000	—	162,000
Transfer	221,194	(221,194)	—
Net change in fair value recognised in profit or loss	<u>153,153</u>	<u>9,620</u>	<u>162,773</u>
At 31 August 2015	<u><u>1,206,764</u></u>	<u><u>160,000</u></u>	<u><u>1,366,764</u></u>

Please refer to the paragraphs headed “Indebtedness” in this section for details of the fair values of our investment properties that had been pledged to secure certain of our bank and other borrowings.



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### Property and equipment

Property and equipment mainly comprised leasehold land and building, leasehold improvements, motor vehicles, computer equipment and office equipment. Our property and equipment amounted to approximately RMB12.0 million, RMB13.4 million, RMB125.2 million and RMB83.3 million as at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively. The increase in our property and equipment from 31 December 2012 to 31 December 2013 was primarily a result of our business expansion, while the increase from 31 December 2013 to 31 December 2014 was mainly attributable to an increase in our self-used properties such as the acquisition of our office of approximately RMB81.7 million for our further business expansion. The decrease in our property and equipment from 31 December 2014 to 31 August 2015 was primarily attributable to the disposal of Jin Jiang Limited (on which there was construction in progress of approximately RMB44.0 million) in connection with the Reorganisation.

Please refer to the paragraph headed “Indebtedness” in this section for details of the carrying amounts of our property and equipment that had been pledged to secure certain of our bank and other borrowings.

### Interests in associates

The particulars of our associates are summarised as follows:

Name of entity	Place of establishment and operation	Registered capital	Proportion of registered capital and voting power held by our Group				Principal activities
			As at 31 December			As at 31 August	
			2012	2013	2014	2015	
Zhejiang Guangyuan	PRC	RMB50,000,000	45%	45%	45%	—	Property development
Tongxiang Jia Yuan	PRC	RMB20,000,000	35%	35%	35%	—	Property development
Haiyan Jia Yuan	PRC	RMB236,250,000	31.76%	31.76%	31.76%	—	Property development
Jia Yuan Property	PRC	RMB5,000,000	—	—	20%	—	Property management

Our interests in associates comprised unlisted costs of investment and share of post-acquisition results and reserves (net of dividends received) of our associates. Our interests in associates decreased from approximately RMB221.5 million as at 31 December 2012 to approximately RMB193.3 million as at 31 December 2014, mainly attributable to capital reduction of Tongxiang Jia Yuan in 2014. During the eight months ended 31 August 2015, all of our interests in associates were disposed of in connection with the Reorganisation.

### Prepayment and deposit paid for a life insurance policy

During the eight months ended 31 August 2015, Hong Kong Jia Yuan entered into a life insurance policy with an insurance company on Ms. Cheuk Hiu Nam. Under the policy, Hong Kong Jia Yuan, being the beneficiary and policy holder, was required to pay an upfront payment for the policy. Hong Kong Jia Yuan may request a partial surrender or full surrender of the policy at any time and receive cash back based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged (the “Cash Value”). If such withdrawal is made at any time during the first to the eighteenth policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

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Our upfront payment was separated into deposit placed and prepayment of life insurance premium, amounting to approximately RMB6.6 million and RMB3.0 million, respectively, according to the terms set out in the policy. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit placed is carried at amortised cost using the effective interest method. The deposit placed for the life insurance policy carried guaranteed interests at interest rates ranging from 2% to 4.2% per annum plus a premium determined by the insurance company during the tenures of the policy. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the insurance policy, excluding the financial effect of surrender charge.

The following table sets out a breakdown of our carrying amounts of deposit placed and prepayment of life insurance premium as at 31 August 2015:

	<i>RMB'000</i>
Deposit paid	6,563
Prepayment	<u>3,021</u>
Total	<u><u>9,584</u></u>

Our carrying amounts of the prepayment and deposit paid for a life insurance policy as at 31 August 2015 approximated the Cash Value of the insurance policy and the expected life of the policy remained unchanged from the initial recognition. Our entire balance of the life insurance policy was denominated in US\$.

### **Inventories of properties**

Our inventories of properties comprised of properties held for sale and properties under development, all of which were situated in the PRC. The following table sets out a breakdown of our inventories of properties as at the dates indicated:

	<b>As at 31 December</b>			<b>As at</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>31 August</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties held for sale	325,908	850,663	889,457	780,829
Properties under development	<u>5,146,592</u>	<u>7,957,981</u>	<u>8,149,453</u>	<u>7,192,966</u>
Total	<u><u>5,472,500</u></u>	<u><u>8,808,644</u></u>	<u><u>9,038,910</u></u>	<u><u>7,973,795</u></u>

Our properties held for sale represented completed properties that had not been contracted for sales or completed properties that had been contracted for sales but had not been delivered to purchasers. The increase in our properties held for sale from 31 December 2012 to 31 December 2014 was primarily attributable to an increase in the progressive completion of various phases of a number of our property development projects, such as Venice Metropolis (威尼斯城), Quexiandao Number One (鵲仙島一號) and Rome Metropolis (羅馬都市). The decrease from 31 December 2014 to 31 August 2015 was mainly attributable to (i) the delivery of a relatively large number of the completed properties under Rome Metropolis (羅馬都市) to customers, and (ii) the disposal of Jiaxing Jindi (on which there was properties held for sale of approximately RMB37.1 million) in connection with the Reorganisation.

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The increase in our properties under development from 31 December 2012 to 31 December 2014 was mainly due to an increase in GFA under development under our property development projects. The relatively significant increase from 31 December 2012 to 31 December 2013 was mainly due to the commencement of construction of our relatively large property development projects (in terms of GFA to be constructed) such as Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場). The decrease in our properties under development from 31 December 2014 to 31 August 2015 was mainly due to the disposal of Haining Jia Yuan and its subsidiary (on which there was properties under development of approximately RMB1,564.7 million) in connection with the Reorganisation.

Please refer to the paragraphs headed “Indebtedness” in this section for details of the carrying amounts of our properties held for sale and properties under development that had been pledged to secure certain of our bank and other borrowings.

### **Amounts due from(to) customers for contract work**

Our amounts due from customers for contract work were recognised when our contract costs incurred to date plus recognised profits less recognised losses of a development services project exceeded our progress billings to our customers while our amounts due to customers for contract work were recognised when our progress billings to our customers exceeded our contract costs incurred to date plus recognised profits less recognised losses of a development services project. As a result, the change from amounts due to customers for contract work of approximately RMB52.0 million as at 31 December 2012 to amounts due from customers for contract work of approximately RMB282.1 million as at 31 December 2013 was primarily due to an increase in the recognition of development services income of our Qiangxi Garden (羌溪花苑) resettlement operation in Taixing, Huxirenjia (湖西人家) resettlement operation in Taizhou and development services in Siyang by the stage of completion in 2013. Further recognition of development services income of these two resettlement operations as well as our certain development services in Siyang by the stage of completion in 2014 contributed to an increase in our amounts due from customers for contract work to approximately RMB740.7 million as at 31 December 2014. The decrease in our amounts due from customers for contract work to approximately RMB184.6 million as at 31 August 2015 was mainly due to an increase in the progress billings of these two resettlement operations during the eight months ended 31 August 2015 compared to relatively insignificant development services income recognised of approximately RMB3.0 million for the same period in 2015.

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### Trade and other receivables, deposits and prepayments

Our trade and other receivables, deposits and prepayments mainly comprised prepaid construction costs, prepaid business and other taxes, project related deposits, other receivables and deposits for acquisition of land use rights. The following table sets out a breakdown of our trade and other receivables, deposits and prepayments as at the dates indicated:

	As at 31 December			As at
	2012	2013	2014	31 August 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Rental receivables	1,252	6,025	11,090	14,732
Prepaid construction costs	100,162	124,188	181,237	596,952
Prepaid business and other taxes	148,579	124,884	144,001	185,856
Prepayments for acquisition of self-use property	—	13,714	—	—
Deposits for acquisition of land use rights	13,286	82,166	28,737	53,737
Projects related deposits	45,691	197,511	104,025	80,534
Deposit for trust financing arrangement	—	—	—	23,000
Other deposits	6,545	7,986	7,467	15,549
Other receivables	<u>63,270</u>	<u>64,915</u>	<u>89,297</u>	<u>73,683</u>
Total	378,785	621,389	565,854	1,044,043
Less: Non-current portion of deposits and prepayments	<u>—</u>	<u>(13,714)</u>	<u>—</u>	<u>(23,000)</u>
Current portion	<u><u>378,785</u></u>	<u><u>607,675</u></u>	<u><u>565,854</u></u>	<u><u>1,021,043</u></u>

Given that we generally require settlement of consideration upon delivery of units in relation to our sale of properties, we did not record any trade receivables as at 31 December 2012, 2013 and 2014 and 31 August 2015.

We had rental receivables primarily due to (i) the fact that we generally granted rent-free periods of one to two years to certain of our tenants at the beginning of the leases; (ii) our rental income was recognised on a straight-line basis over the lease term (including rent-free period), which the monthly rental income equals to the total rental receivables divided by the lease term; and (iii) as a result, rental receivables would be recognised during the rent-free period. The increase in rental receivables from 31 December 2012 to 31 August 2015 was mainly due to an increase in the new operating leases entered into with the tenants after our completion of new investment properties in progress during the Track Record Period.

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Our prepaid construction costs mainly represented our prepayments to the property development contractors, which would be transferred to our properties under development by stages as and when the relevant construction services were rendered by the contractors. The increase in our prepaid construction costs from approximately RMB100.2 million as at 31 December 2012 to approximately RMB124.2 million as at 31 December 2013 was primarily attributable to an increase in prepayments related to the construction of certain property development projects, such as Paris Metropolis (巴黎都市) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場). The increase in our prepaid construction costs to approximately RMB181.2 million as at 31 December 2014 was mainly due to prepayments related to the construction mainly for Venice Metropolis (威尼斯城) of approximately RMB61.3 million and Jiayuan New World (新天地) of approximately RMB54.4 million, the effect of which was partially offset by the decrease in our prepayments, mainly for Yangzhou Park Number One (揚州公園一號) of approximately RMB40.1 million in 2014. The increase in our prepaid construction costs to approximately RMB597.0 million as at 31 August 2015 was mainly due to prepayments by our Group related to the construction of further phases of our ongoing property development projects mainly for Rome Metropolis (羅馬都市) of approximately RMB139.3 million, Paris Metropolis (巴黎都市) of approximately RMB248.0 million and Suqian Park Number One (宿遷公園一號) of approximately RMB61.8 million for the eight months ended 31 August 2015. For the details of stage of construction of our property development projects, please refer to the sections headed “Business — Portfolio of our property development projects” and “Business — Details of our property development projects” in this prospectus.

Our prepaid business and other taxes mainly represented our prepayments of business tax and other related taxes to the PRC tax authorities in related to the pre-sale of our properties. The fluctuation was in line with the fluctuation of pre-sale deposits received as at 31 December 2012, 2013 and 2014 and 31 August 2015.

Our deposits for acquisition of land use rights mainly represented our deposits placed to the relevant PRC Government authorities for the acquisition of land use rights for our property development projects. The increase in our deposits for acquisition of land use rights from approximately RMB13.3 million as at 31 December 2012 to approximately RMB82.2 million as at 31 December 2013 and then decreased to approximately RMB28.7 million as at 31 December 2014 was primarily due to our placement of the deposit for land acquisition for a piece of land where our Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) is located during 2013 and such deposit was transferred to our properties under development during 2014. The increase in our deposits for acquisition of land use rights to approximately RMB53.7 million as at 31 August 2015 was primarily attributable to our placement of the deposit for land acquisition for a piece of land on which our Guxi Jiayuan Central Plaza (古溪佳源中心廣場) was planned to be developed into an integrated commercial complex project.

Our projects related deposits primarily represented security deposits for project development compliance paid to the relevant PRC government authorities which were refundable upon maturity and temporary payments made to contractors prior to the execution of the relevant construction contracts which were set-off against development costs. The increase in our projects related deposits from approximately RMB45.7 million as at 31 December 2012 to approximately RMB197.5 million as at 31 December 2013 was primarily attributable to new security deposits of approximately RMB50.0 million, RMB50.0 million and RMB51.0 million paid to the relevant PRC government authorities for the guarantees of project development compliance in respect of Zijin Mansion (紫金華府), Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) and Paris Metropolis (巴黎都市), respectively. The decrease in our projects related deposits from 31 December 2013 to 31 August 2015 was mainly due to refund or set off of the development costs as long as the continuous completion of our major property development projects during the same period.

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Our deposit for trust financing arrangement represented our placement of a deposit of approximately RMB23.0 million in accordance with the trust financing arrangement to a trust company in July 2015.

Our other receivables mainly included the staff advances for the payments of operating expenses of our Group and temporary payments to contractors. Our other receivables were relatively stable at approximately RMB70.0 million, except for the balance as at 31 December 2014 amounting to approximately RMB89.3 million which was primarily due to an increase in staff advances and temporary payments from our Group to our contractors.

### **Amounts due from (to) related parties**

Please refer to the paragraph headed “Related party transactions and balances” in this section for details.

### **Financial assets at fair value through profit or loss**

Our financial assets at fair value through profit or loss represented our investments in unlisted trust funds issued by financial institutions established in the PRC amounting to approximately RMB9.0 million, RMB4.7 million, RMB4.0 million and nil as at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively. All these unlisted trust funds were sold during the eight months ended 31 August 2015.

### **Restricted/pledged bank deposits and bank balances and cash**

Our pledged bank deposits represented bank deposits pledged to banks to secure mortgage guarantees provided to our customers. The pledge will be released upon obtaining building ownership certificates by our customers. Our restricted bank deposits represented the deposits restricted in accordance with the applicable government regulations for the designated property development projects. As at 31 December 2012, 2013 and 2014 and 31 August 2015, our restricted/pledged bank deposits amounted to approximately RMB42.6 million, RMB50.3 million, RMB75.8 million and RMB166.5 million, respectively.

As at 31 December 2012, 2013 and 2014 and 31 August 2015, our bank balances and cash were denominated in RMB, HKD, USD and Canadian dollars and amounted to approximately RMB82.1 million, RMB156.8 million, RMB30.3 million and RMB49.7 million, respectively.

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### Trade and other payables and accrued expenses

Our trade and other payables and accrued expenses mainly consisted of trade payables, accrued charges, deferred income, payables for acquisition of land, amounts due to non-controlling shareholders, deposits related to sales of properties, and deposits and other payables. The following table sets out a breakdown of our trade and other payables and accrued expenses as at the dates indicated:

	As at 31 December			As at
	2012	2013	2014	31 August 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	154,447	267,026	385,072	294,858
Business and other taxes payable	7,936	11,173	35,430	8,798
Accrued charges	295,647	305,642	467,072	182,060
Deferred income	229,874	357,670	420,019	375,175
Payables for acquisition of land	298,744	287,813	247,462	245,462
Amounts due to non-controlling shareholders	29,120	184,020	118,657	28,220
Deposits related to sales of properties	274,253	109,603	55,849	39,675
Consideration payable for acquisition of a subsidiary/associate	—	—	33,806	—
Consideration payable for acquisition of additional interest of a subsidiary	—	—	—	14,100
Deposits and other payables	12,565	52,656	69,264	115,743
Other unsecured interest-free advances	76,406	21,538	35,160	94,410
<b>Total</b>	<b>1,378,992</b>	<b>1,597,141</b>	<b>1,867,791</b>	<b>1,398,501</b>
Less: Non-current portion of deferred income	(223,075)	(346,949)	(404,210)	(365,156)
<b>Current portion</b>	<b><u>1,155,917</u></b>	<b><u>1,250,192</u></b>	<b><u>1,463,581</u></b>	<b><u>1,033,345</u></b>
				<b>For the eight months ended</b>
				<b>31 August 2015</b>
				<b>2015</b>
				<b>Days</b>
				<b>For the year ended 31 December</b>
				<b>2012</b>
				<b>2013</b>
				<b>2014</b>
				<b>Days</b>
Average trade payables turnover days ( <i>Note</i> )	49.2	37.7	63.1	110.1

*Note:* Average trade payables turnover days is equal to the average of the opening and closing balances of trade payables divided by cost of sales and multiplied by 365 days for the years ended 31 December 2012, 2013 and 2014, or 243 days for the eight months ended 31 August 2015.



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Our trade payables mainly comprised development costs and other project-related expenses such as design and renovation which were payable to our contractors or suppliers by our Group. Our trade payables increased from approximately RMB154.4 million as at 31 December 2012 to approximately RMB267.0 million as at 31 December 2013 mainly due to the construction commencement of our new property development projects as well as our ongoing property development projects in 2013, and further increased to approximately RMB385.1 million as at 31 December 2014 mainly attributable to the construction commencement of further phases of our ongoing property development projects in 2014. The new property development projects for which we commenced construction in 2013 mainly included Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場), and the ongoing property development projects for which we commenced construction for further phases in 2013 mainly included Jiayuan New World (新天地) and Venice Metropolis (威尼斯城). The ongoing property development projects for which we commenced construction in 2014 mainly included Zijin Mansion (紫金華府) and further phases of Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場), Oriental Bright City (東方不夜城) and Paris Metropolis (巴黎都市). Our trade payables decreased to approximately RMB294.9 million as at 31 August 2015 mainly due to the settlement of our development costs and other project-related expenses while there was no commencement of construction work for new property development project for the eight months ended 31 August 2015 and as such we had relatively less amount of construction work for such period. The average credit period of our trade payables was 30 days during the Track Record Period.

Our average trade payables turnover days are derived by dividing the average of the beginning and the closing balances of trade payables (which were primarily affected by the scale of our property development activities conducted during the relevant period) by cost of sales (which was primarily affected by our average unit cost of property development and GFA sold and delivered during the period) and multiplying by the number of days in the period. The fluctuation of our average trade payables turnover days during the Track Record Period was primarily due to the timing mismatch between the recognition of our cost of sales at the time of our property delivery and the large amount of our trade payables outstanding on properties held for sale and under development. Thus, our average trade payables turnover days fluctuated mainly in accordance with our cost of sales during the Track Record Period.

Our average trade payables turnover days were approximately 49.2 days, 37.7 days, 63.1 days and 110.1 days for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, respectively. The decrease from the year ended 31 December 2012 to the year ended 31 December 2013 was mainly due to an increase in our cost of sales since our average unit cost of property development increased from approximately RMB4,209.2 per sq.m. in 2012 to approximately RMB4,920.7 per sq.m. in 2013. The increase from the year ended 31 December 2013 to the year ended 31 December 2014 was mainly due to a decrease in our cost of sales since our GFA sold and delivered decreased from approximately 315,360 sq.m. in 2013 to approximately 269,175 sq.m. in 2014. The increase from the year ended 31 December 2014 to the eight months ended 31 August 2015 was mainly due to a decrease in our cost of sales primarily attributable to a decrease in our average unit cost of property development from approximately RMB5,072.2 per sq.m. in 2014 to approximately RMB3,744.9 per sq.m. for the eight months ended 31 August 2015.

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The following table sets out an aged analysis of our trade payables, presented based on the invoice date, as at the dates indicated:

	<b>As at 31 December</b>			<b>As at</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>31 August</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>2015</b>
				<i>RMB'000</i>
0 to 30 days	54,340	147,836	194,389	39,984
31 to 90 days	9,362	15,980	44,670	19,376
91 to 180 days	5,337	16,425	19,002	50,358
181 to 360 days	8,214	20,689	32,321	78,424
Over 360 days	<u>77,194</u>	<u>66,096</u>	<u>94,690</u>	<u>106,716</u>
<b>Total</b>	<u><u>154,447</u></u>	<u><u>267,026</u></u>	<u><u>385,072</u></u>	<u><u>294,858</u></u>

A relatively significant amount of trade payables was aged over 30 days (which is the average credit period of our trade payables) as at 31 August 2015 mainly because we normally paid our trade payables according to milestones in construction and the construction periods of our property development projects were relatively long.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, there were no material defaults and difficulties in payment of our trade payables.

Our accrued charges mainly represented construction costs which we recognised prior to the receipt of invoice from the relevant contractors and suppliers based on project progress measured by our Group. Accordingly, the trend of fluctuation (as well as the reasons) of our accrued charges primarily followed that of our trade payables.

Our deferred income primarily comprised rental received in advance by our Group and the fees paid by our customers for the full term of the leases of CAD Car Parks and non-civil defence car parks developed by us with no building ownership certificates when the transfer or lease agreements were executed. Our deferred income arising from the car parks would be released to the profit or loss as rental income on a straight line basis over the relevant period of the land use rights. The increase in our deferred income from 31 December 2012 to 31 December 2014 was mainly due to the fact that our Group continuously delivered the car parks developed under our property development projects to our customers. The decrease from 31 December 2014 to 31 August 2015 was mainly due to the disposal of certain of our subsidiaries in connection with the Reorganisation.

Our payables for acquisition of land mainly represented the outstanding land acquisition costs of our property development projects payable to relevant PRC government authorities. The decrease in our payables for acquisition of land during the Track Record Period was mainly due to the fact that our Group continuously settled the charges of our land grant premium, which depended on the amount of land we acquired for each of the periods during the Track Record Period.

Our amounts due to non-controlling shareholders were non-trade in nature, unsecured, interest-free and repayable on demand. The increase in our amounts due to non-controlling shareholders from 31 December 2012 to 31 December 2013 was mainly due to the advances from non-controlling shareholders of our subsidiaries of approximately RMB174.4 million in 2013. The decrease in our amounts due to non-controlling shareholders from 31 December 2013 to 31 August 2015 was mainly due to the disposal of certain of our subsidiaries in connection to our Reorganisation and our repayments of advances from non-controlling shareholders of our subsidiaries.

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Our deposits related to sales of properties mainly represented deposits received from our customers before formal sales contracts signed or mortgage loan approved. As at 31 December 2012, our deposits related to sales of properties amounted to approximately RMB274.3 million, which was primarily resulted from the pre-sale of Jiayuan New World (新天地). Our deposits related to sales of properties decreased relatively significantly from 31 December 2012 to 31 August 2015 mainly due to formal sales contracts of Jiayuan New World (新天地) were signed during the Track Record Period and such deposits were then transferred to pre-sale deposits received before the delivery of properties to our customers.

Our deposits and other payables mainly represented interest payables of our bank and other borrowings and deposits received from contractors in relation to the tendering and execution of construction contracts. The increase in our deposits and other payables from 31 December 2012 to 31 August 2015 was mainly due to an increase in outstanding interest payables of our bank and other borrowings.

Our other unsecured interest-free advances mainly represented advances from third parties, which were non-trade in nature.

### **Pre-sale deposits received**

Pre-sale deposits received primarily represented deposits we received as a result of pre-sale of our properties from property purchasers. Our pre-sale deposits received amounted to approximately RMB3,013.8 million, RMB2,526.8 million, RMB3,117.8 million and RMB4,102.4 million as at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively. We recorded a relatively lower amount of pre-sale deposits received as at 31 December 2013 (as compared to 31 December 2014) mainly due to a relatively higher number of delivery of our pre-sold properties in 2013 (which is reflected by a relatively higher amount of revenue in 2013). As at 31 December 2014 and 31 August 2015, our pre-sale deposits received increased to approximately RMB3,117.8 million and RMB4,102.4 million, respectively. The increase was mainly attributable to the property pre-sale for Zijin Mansion (紫金華府) commenced from the second quarter of 2014 which we recorded the pre-sale deposits received of approximately RMB647.1 million and RMB2,190.9 million as at 31 December 2014 and 31 August 2015, respectively.

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### NET CURRENT ASSETS

	As at 31 December			As at 31 August	As at 31 December
	2012	2013	2014	2015	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (unaudited)
<b>CURRENT ASSETS</b>					
Inventories of properties					
— held for sale	325,908	850,663	889,457	780,829	512,175
— under development	5,146,592	7,957,981	8,149,453	7,192,966	8,094,510
Amounts due from customers for contract work	—	282,138	740,659	184,614	164,614
Trade and other receivables, deposits and prepayments	378,785	607,675	565,854	1,021,043	2,355,558
Prepaid income tax	80,738	75,657	72,560	75,646	101,329
Amounts due from related parties	745,373	51,094	388,994	1,568,980	50,822
Financial assets at fair value through profit or loss	8,990	4,690	4,000	—	—
Restricted/pledged bank deposits	42,600	50,263	75,801	166,451	856,876
Bank balances and cash	82,090	156,840	30,315	49,707	28,027
	<u>6,811,076</u>	<u>10,037,001</u>	<u>10,917,093</u>	<u>11,040,236</u>	<u>12,163,911</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables and accrued expenses	1,155,917	1,250,192	1,463,581	1,033,345	1,047,089
Amounts due to customers for contract work	52,011	—	—	—	—
Pre-sale deposits received	3,013,801	2,526,827	3,117,796	4,102,428	4,545,877
Tax payable	64,623	163,961	257,414	244,612	289,332
Amounts due to related parties	201,998	1,294,663	671,346	235,447	—
Bank and other borrowings — due within one year	640,793	2,480,559	2,836,246	2,493,543	3,060,212
	<u>5,129,143</u>	<u>7,716,202</u>	<u>8,346,383</u>	<u>8,109,375</u>	<u>8,942,510</u>
<b>NET CURRENT ASSETS</b>	<u>1,681,933</u>	<u>2,320,799</u>	<u>2,570,710</u>	<u>2,930,861</u>	<u>3,221,401</u>

The increase in our net current assets from approximately RMB2,930.9 million as at 31 August 2015 to approximately RMB3,221.4 million as at 31 December 2015 was primarily due to (i) an increase in our inventories of properties from approximately RMB7,973.8 million as at 31 August 2015 to approximately RMB8,606.7 million as at 31 December 2015 mainly attributable to an increase in the progressive completion of a number of our property development projects, such as Zijin Mansion (紫金華府) and Jiayuan New World (新天地); (ii) an increase in our trade and other receivables, deposits and prepayments from approximately RMB1,021.0 million as at 31 August 2015 to approximately RMB2,355.6 million as at 31 December 2015 mainly as a result of lending of short term entrusted loans to third parties; (iii) an increase in our restricted/pledged bank deposits from approximately RMB166.5 million as at 31 August 2015 to approximately RMB856.9 million as at 31 December 2015 primarily attributable to new pledged bank deposits as cash collateral for our bank borrowings; and (iv) the full

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settlement of our amounts due to related parties of approximately RMB235.4 million as at 31 August 2015 during the four months ended 31 December 2015, partially offset by (i) a decrease in our amounts due from related parties from approximately RMB1,569.0 million as at 31 August 2015 to approximately RMB50.8 million as at 31 December 2015 mainly due to the full settlement of non-trade related party balances during the four months ended 31 December 2015; (ii) an increase in our pre-sale deposits received from approximately RMB4,102.4 million as at 31 August 2015 to approximately RMB4,545.9 million as at 31 December 2015 primarily attributable to the deposits received from the pre-sale of our Zijin Mansion (紫金華府) during the four months ended 31 December 2015; (iii) an increase in our bank and other borrowings due within one year from approximately RMB2,493.5 million as at 31 August 2015 to approximately RMB3,060.2 million as at 31 December 2015 as we expanded our business and increased our financing needs.

The increase in our net current assets from approximately RMB2,570.7 million as at 31 December 2014 to approximately RMB2,930.9 million as at 31 August 2015 was primarily due to (i) an increase in our amounts due from related parties from approximately RMB389.0 million as at 31 December 2014 to approximately RMB1,569.0 million as at 31 August 2015 which mainly represented non-interest bearing advances to related parties primarily as a result of payments by us on behalf of related parties and outstanding consideration payable to us by related parties arising from disposal of our discontinued operations; (ii) an increase in our trade and other receivables, deposits and prepayments from approximately RMB565.9 million as at 31 December 2014 to approximately RMB1,021.0 million as at 31 August 2015, mainly as a result of an increase in our prepaid construction costs mainly for Rome Metropolis (羅馬都市) by approximately RMB139.3 million, Paris Metropolis (巴黎都市) by approximately RMB248.0 million and Suqian Park Number One (宿遷公園一號) by approximately RMB61.8 million; (iii) a decrease in our amounts due to related parties from approximately RMB671.3 million as at 31 December 2014 to approximately RMB235.4 million as at 31 August 2015 mainly as a result of our settlement; and (iv) a decrease in bank and other borrowings due within one year from approximately RMB2,836.2 million as at 31 December 2014 to approximately RMB2,493.5 million as at 31 August 2015 mainly due to our repayments of certain short term borrowings as at 31 December 2014, partially offset by (i) a decrease in our amounts due from customers for contract work from approximately RMB740.7 million as at 31 December 2014 to approximately RMB184.6 million as at 31 August 2015 primarily attributable to an increase in the progress billings of our development services fees during the eight months ended 31 August 2015; and (ii) an increase in our pre-sale deposits received from approximately RMB3,117.8 million as at 31 December 2014 to approximately RMB4,102.4 million as at 31 August 2015 mainly due to the property pre-sale of our Zijin Mansion (紫金華府) from the second quarter of 2014.

The increase in our net current assets from approximately RMB2,320.8 million as at 31 December 2013 to approximately RMB2,570.7 million as at 31 December 2014 was primarily due to (i) an increase in our amounts due from related parties from approximately RMB51.1 million as at 31 December 2013 to approximately RMB389.0 million as at 31 December 2014 mainly due to reclassification of non-current amounts due from related parties of approximately RMB364.9 million as at 31 December 2013 to current assets in 2014; and (ii) an increase in our amounts due from customers for contract work from approximately RMB282.1 million as at 31 December 2013 to approximately RMB740.7 million as at 31 December 2014, mainly due to further recognition of development services income of our Qiangxi Garden (羌溪花苑) resettlement operation in Taixing, Huxirenjia (湖西人家) resettlement operation in Taizhou and various development services projects in Siyang by the stage of completion in 2014, partially offset by (i) an increase in our trade and other payables and accrued expenses from approximately RMB1,250.2 million as at 31 December 2013 to approximately RMB1,463.6 million as at 31 December 2014 mainly due to an increase in trade payables and accrued charges primarily because of the construction of our ongoing property development projects in 2014, such as Zijin Mansion (紫金華府), Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場), Oriental Bright City (東方不夜城) and Paris

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Metropolis (巴黎都市); (ii) an increase in our pre-sale deposits received from approximately RMB2,526.8 million as at 31 December 2013 to approximately RMB3,117.8 million as at 31 December 2014, mainly as a result of our property pre-sale of our Zijin Mansion (紫金華府) from the second quarter of 2014; and (iii) an increase in our bank and other borrowings due within one year from approximately RMB2,480.6 million as at 31 December 2013 to approximately RMB2,836.2 million as at 31 December 2014 as we expanded our business and increased our financing needs.

The increase in our net current assets from approximately RMB1,681.9 million as at 31 December 2012 to approximately RMB2,320.8 million as at 31 December 2013 was primarily due to (i) an increase in our inventories of properties from approximately RMB5,472.5 million as at 31 December 2012 to approximately RMB8,808.6 million as at 31 December 2013, mainly attributable to an increase in the progressive completion of a number of our property development projects, such as Venice Metropolis (威尼斯城), Quexiandao Number One (鵲仙島一號) and Rome Metropolis (羅馬都市); (ii) an increase in our trade and other receivables, deposits and prepayments from to approximately RMB378.8 million as at 31 December 2012 to approximately RMB607.7 million as at 31 December 2013, mainly as a result of an increase in our projects related deposits, which was primarily attributable to security deposits of approximately RMB151.0 million paid to the relevant PRC government authorities for the guarantees of project development compliance, in respect of Zijin Mansion (紫金華府), Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) and Paris Metropolis (巴黎都市), and an increase in deposits for acquisition of land use rights, which was primarily attributable to our placement of the deposit for land acquisition for a piece of land where our Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) is located during 2013; and (iii) a change from amounts due to customers for contract work of approximately RMB52.0 million as at 31 December 2012 to amounts due from customers for contract work from approximately RMB282.1 million as at 31 December 2013, mainly due to recognition of development services income of our Qiangxi Garden (羌溪花苑) resettlement operation in Taixing, Huxirenjia (湖西人家) resettlement operation in Taizhou and development services in Siyang by the stage of completion in 2013, partially offset by (i) a decrease in our amounts due from related parties from approximately RMB745.4 million as at 31 December 2012 to approximately RMB51.1 million as at 31 December 2013, mainly due to the repayments from Zhejiang Jia Yuan Group by approximately RMB745.4 million in 2013; (ii) an increase in our amounts due to related parties from approximately RMB202.0 million as at 31 December 2012 to approximately RMB1,294.7 million as at 31 December 2013, mainly as a result of advances from Zhejiang Jia Yuan Group of approximately RMB1,274.1 million for our general working capital; and (iii) an increase in our bank and other borrowings due within one year from approximately RMB640.8 million as at 31 December 2012 to approximately RMB2,480.6 million as at 31 December 2013 as we expanded our business and increased our financing needs.

### LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements primarily related to capital expenditures, working capital needs and debt services. During the Track Record Period, we funded our growth principally from cash generated from our operations and borrowings. We did not experience any liquidity shortage during the Track Record Period. Going forward, we expect cash flows from operations, credit facilities and funding from future fund raising transactions to be our principal sources of liquidity.

We seek to manage our working capital to ensure the availability of sufficient cash flows to meet unexpected cash requirements arising from our business, which in turn safeguard our ability to continue as a going concern. We have also adopted capital management policies under which and we closely regulate and monitor, among other things, our cash and bank account management, inventory control system, payment and settlement terms, and loan procedures. In general, we prepare, on a regular basis, cash flow and funding summaries and budgets with a view to conducting financial planning in advance and monitoring our cash flows, ensuring our working capital sufficiency and maximising utilisation of our capital resources. Our Directors and senior management hold regular meetings to review our periodic operating budgets.



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Taking into account the financial resources to our Group, including internally generated fund from our operating activities, available banking facilities and other borrowings, and the estimated net proceeds from the Global Offering, our Directors are of the opinion that our Group has sufficient working capital for at least the next 12 months from the date of this prospectus. Our Directors confirm that we did not have any material default in payment of trade and non-trade payables, bank borrowings and other debt financing obligations and/or breaches of finance covenants during the Track Record Period.

### CASH FLOWS

The following table presents selected cash flow data from our consolidated statements of cash flows in the accountants' report set out in Appendix I to this prospectus for the periods indicated:

	For the year ended 31 December			For the eight months ended 31 August	
	2012	2013	2014	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in) from operating activities	(269,810)	(2,183,787)	811,694	(51,985)	1,003,627
Net cash used in investing activities	(635,904)	(893,917)	(192,121)	(108,348)	(360,810)
Net cash from (used in) financing activities	<u>898,837</u>	<u>3,152,454</u>	<u>(746,098)</u>	<u>47,969</u>	<u>(623,425)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(6,877)	74,750	(126,525)	(112,364)	19,392
<b>Cash and cash equivalents at the beginning of the year/period</b>	<u>88,967</u>	<u>82,090</u>	<u>156,840</u>	<u>156,840</u>	<u>30,315</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u><u>82,090</u></u>	<u><u>156,840</u></u>	<u><u>30,315</u></u>	<u><u>44,476</u></u>	<u><u>49,707</u></u>

#### Net cash (used in) from operating activities

Our cash generated from operating activities primarily comprised proceeds from pre-sale and sale of our properties. Our cash used in operating activities primarily comprised payments for our property development and land acquisition.

For the eight months ended 31 August 2015, our net cash from operating activities was approximately RMB1,003.6 million. Such amount was derived from our profit before taxation of approximately RMB284.4 million, primarily adjusted by (i) a decrease in amounts due from customers for contract work of approximately RMB556.0 million mainly due to an increase in progress billings of our two resettlement operations compared to relatively insignificant development services income recognised during the period; and (ii) an increase in pre-sale deposits received of approximately RMB1,576.3 million mainly due to the property pre-sale of our Zijin Mansion (紫金華府), partially offset by (i) change in fair value of investment properties of approximately RMB162.8 million; (ii) change in fair value upon transfer from inventory properties to investment properties of approximately RMB101.3 million; (iii) an increase in properties under development of approximately RMB267.9 million mainly due to continuing construction of further phases of various ongoing property development projects; (iv) an increase in trade and other receivables, deposits and prepayments of approximately RMB540.6 million mainly due to an increase in our prepaid construction costs for Rome Metropolis (羅馬都市) by approximately RMB139.3 million, Paris Metropolis (巴黎都市) by approximately RMB248.0 million and Suqian Park Number One (宿遷公園一號) by approximately RMB61.8 million; (v) a decrease in



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trade and other payables and accrued expenses of approximately RMB267.9 million mainly due to the settlement of our construction costs and projects related costs while there was no commencement of construction work for new property development projects; and (vi) income tax paid of approximately RMB110.7 million.

For the year ended 31 December 2014, our net cash from operating activities was approximately RMB811.7 million. Such amount was derived from our profit before taxation of approximately RMB345.0 million, primarily adjusted by (i) finance costs of approximately RMB67.8 million primarily attributable to interest expenses on our bank and other borrowings; (ii) a decrease in properties under development of approximately RMB210.6 million mainly due to the completion of part of our Rome Metropolis (羅馬都市) and Jiayuan New World (新天地), resulting in the transfer of these properties to properties held for sale; (iii) an increase in trade and other payables and accrued expenses of approximately RMB273.5 million mainly due to an increase in trade payables and accrued charges primarily because of the construction of our ongoing property development projects in 2014, such as Zijin Mansion (紫金華府), Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場), Oriental Bright City (東方不夜城) and Paris Metropolis (巴黎都市); and (iv) an increase in pre-sale deposits received of approximately RMB591.0 million mainly due to the commencement of property pre-sale of Zijin Mansion (紫金華府); partially offset by (i) change in fair value of investment properties of approximately RMB97.5 million; (ii) change in fair value upon transfer from inventory properties to investment properties of approximately RMB81.1 million; (iii) an increase in amounts due from customers for contract work of approximately RMB458.5 million mainly due to further recognition of development services income of our Qiangxi Garden (羌溪花苑) resettlement operation in Taixing, Huxirenjia (湖西人家) resettlement operation in Taizhou and various development services projects in Siyang by the stage of completion in 2014; and (iv) income tax paid of approximately RMB94.5 million.

For the year ended 31 December 2013, our net cash used in operating activities was approximately RMB2,183.8 million. Such amount was derived from our profit before taxation of approximately RMB437.7 million, primarily adjusted by (i) an increase in properties held for sale of approximately RMB529.6 million mainly due to an increase in the progressive completion of a number of our property development projects in 2013, such as Venice Metropolis (威尼斯城) and Quexiandao Park Number One (鵲仙島一號); (ii) an increase in properties under development of approximately RMB933.0 million mainly due to the commencement of construction of Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) in 2013; (iii) an increase in trade and other receivables, deposits and prepayments of approximately RMB176.7 million mainly due to an increase in projects related deposits primarily because of new security deposits with an aggregate amount of approximately RMB151.0 million paid to the relevant PRC government authorities for the guarantees of project development compliance, in respect of Zijin Mansion (紫金華府), Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場) and Paris Metropolis (巴黎都市), and an increase in deposits for acquisition of land use rights primarily for a piece of land where our Guxi Jiayuan Central Plaza (古溪佳源中心廣場) is located; (iv) an increase in amounts due from customers for contract work of approximately RMB334.1 million mainly due to recognition of development services income of our Qiangxi Garden (羌溪花苑) resettlement operation in Taixing, Huxirenjia (湖西人家) resettlement operation in Taizhou and development services in Siyang by the stage of completion in 2013; (v) a decrease in pre-sale deposits received of approximately RMB487.0 million mainly due to a relatively higher number of delivery of our pre-sold properties in 2013; (vi) change in fair value of investment properties of approximately RMB127.1 million; and (vii) income tax paid of approximately RMB87.1 million, partially offset by an increase in trade and other payables and accrued expenses of approximately RMB106.8 million mainly due to an increase in trade payables and accrued charges primarily because of the construction commencement of our new property development projects as well as our ongoing property development projects in 2013.

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For the year ended 31 December 2012, our net cash used in operating activities was approximately RMB269.8 million. Such amount was derived from our profit before taxation of approximately RMB311.3 million, primarily adjusted by (i) an increase in properties under development of approximately RMB245.9 million mainly due to the progressive development of our property development projects in 2012, such as Venice Metropolis (威尼斯城) and Jiayuan New World (新天地); (ii) a decrease in pre-sale deposits received of approximately RMB736.7 million mainly due to the delivery of our properties under Elite International Garden — Phase I (名人國際花園 — 一期), Oriental Paris City (東方巴黎城), Jiayuan Centurial Garden (世紀花園), Jiayuan Centurial Villa (世紀豪園) and Jiayuan Centurial Scenery Park (世紀景園); and (iv) income tax paid of approximately RMB126.7 million, partially offset by (i) a decrease of properties held for sale of approximately RMB137.9 million mainly due to the delivery of properties under a number of our property development projects; and (ii) an increase in amounts due to customers for contract work of approximately RMB430.9 million mainly due to the contract costs incurred plus recognised profits less recognised losses in 2012 for our Qiangxi Garden (羌溪花苑) resettlement operation and Huxirenjia (湖西人家) resettlement operation.

### Net cash used in investing activities

Cash generated from our investing activities primarily represented repayments from related companies and withdrawal of restricted bank deposits. Cash used in our investing activities mainly represented acquisition of subsidiaries, advances to related parties and placement of restricted bank deposits.

For the eight months ended 31 August 2015, our net cash used in investing activities was approximately RMB360.8 million, primarily due to advances to related parties of approximately RMB1,173.9 million which mainly represented fund transfer to and payment by us on behalf of related parties for swift and convenient payment purpose, partially offset by (i) repayments from related parties of approximately RMB751.0 million; and (ii) the disposal of our investment properties in Oriental Bright City (東方不夜城) of approximately RMB281.0 million.

For the year ended 31 December 2014, our net cash used in investing activities was approximately RMB192.1 million, primarily due to (i) additions of property and equipment of approximately RMB72.6 million which was mainly the result of an increase in our self-used properties for our further business expansion; and (ii) additions of investment properties of approximately RMB96.4 million mainly attributable to construction of our investment properties mainly in our Rome Metropolis (羅馬都市) and Huanqiao Jiayuan Central Plaza (黃橋佳源中心廣場).

For the year ended 31 December 2013, our net cash used in investing activities was approximately RMB893.9 million, primarily due to (i) net cash payment for the acquisition of Guo Xiang and Nanjing Jia Feng of approximately RMB1,382.1 million; and (ii) additions of investment properties of approximately RMB197.5 million for the construction of our investment properties mainly in our Rome Metropolis (羅馬都市), Xueyan Jiayuan Central Plaza (雪堰佳源中心廣場) and Huangqiao Jiayuan Central Plaza (黃橋佳源中心廣場), partially offset by repayments from related companies of approximately RMB745.4 million mainly for settlement of previous advances.

For the year ended 31 December 2012, our net cash used in investing activities was approximately RMB635.9 million, primarily due to (i) advances to related companies of approximately RMB2,664.7 million, which mainly represented fund transfer to and payments by us on behalf of related parties for swift and convenient payment purpose, partially offset by (i) repayments from related companies of approximately RMB1,775.5 million mainly for settlement of previous advances; (ii) disposal of Huzhou Xinyuan of approximately RMB137.0 million, which was principally engaged in construction management operations, to the Private Group in October 2012 and (iii) net withdrawal of restricted bank deposits of approximately RMB118.8 million for continued construction of the relevant property development projects.

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## FINANCIAL INFORMATION

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### **Net cash from (used in) financing activities**

Cash generated from our financing activities primarily represented the proceeds from bank and other borrowings and advances from related parties. Cash used in our financing activities primarily represented repayments of bank and other borrowings and repayments to related parties.

For the eight months ended 31 August 2015, our net cash used in financing activities was approximately RMB623.4 million, primarily attributable to (i) interest payments of approximately RMB297.4 million; (ii) net repayments to related parties of approximately RMB476.4 million; (iii) repayments of borrowings of approximately RMB2,086.8 million; (iv) net repayments to non-controlling equity holders of our subsidiaries of approximately RMB52.1 million; (v) cash paid out upon Reorganisation of approximately RMB696.5 million; and (vi) net advances from independent third parties of approximately RMB59.3 million, partially offset by proceeds from borrowings of approximately RMB2,926.4 million.

For the year ended 31 December 2014, our net cash used in financing activities was approximately RMB746.1 million, primarily attributable to (i) repayments of borrowings of approximately RMB2,412.1 million; (ii) net repayments to related parties of approximately RMB621.7 million; and (iii) interest payments of approximately RMB678.1 million, partially offset by proceeds from borrowings of approximately RMB2,917.5 million.

For the year ended 31 December 2013, our net cash from financing activities was approximately RMB3,152.5 million, primarily attributable to (i) proceeds from borrowings of approximately RMB3,219.4 million; (ii) net advances from related parties of approximately RMB1,043.1 million; (iii) capital contribution by equity holders of subsidiaries of approximately RMB161.6 million; and (iv) net advances from non-controlling equity holders of subsidiaries of approximately RMB154.9 million, partially offset by (i) repayments of borrowings of approximately RMB854.0 million; and (ii) interest payments of approximately RMB495.8 million.

For the year ended 31 December 2012, our net cash from financing activities was approximately RMB898.8 million, primarily attributable to proceeds from borrowings of approximately RMB1,657.8 million, partially offset by (i) repayments of borrowings of approximately RMB617.8 million; and (ii) interest payments of approximately RMB145.4 million.

## FINANCIAL INFORMATION

### INDEBTEDNESS

#### Bank and other borrowings

The following table sets out a breakdown of our bank and other borrowings as at the dates indicated:

	As at 31 December			As at	As at
	2012	2013	2014	31 August	31 December
	RMB'000	RMB'000	RMB'000	2015	2015
				RMB'000	RMB'000
					(Unaudited)
Bank loans, secured	411,499	1,064,590	1,509,024	1,048,015	1,055,686
Bank loans, unsecured	—	—	—	—	546,448
Trust loans, secured					
— Conventional loans	400,000	1,700,000	1,630,000	2,980,000	3,560,000
— Loans with obligation to repurchase equity interest	800,000	960,000	160,000	—	—
Other loans, secured	120,000	117,000	1,069,000	960,000	920,000
Other loans, unsecured	253,294	498,969	476,122	279,928	54,526
Total	<u>1,984,793</u>	<u>4,340,559</u>	<u>4,844,146</u>	<u>5,267,943</u>	<u>6,136,660</u>

The following table sets out the range of effective interest rates of our bank and other borrowings as at the dates indicated:

	As at 31 December			As at	As at
	2012	2013	2014	31 August	31 December
				2015	2015
					(Unaudited)
Bank loans	6.15% to 8%	3.14% to 8.4%	2.3% to 15.96%	1.74% to 15.96%	1.73% to 15.96%
Trust loans	14.7% to 20.4%	8.74% to 20.4%	8.74% to 14.5%	12.9% to 14.5%	12.9% to 14.5%
Other loans	6% to 24%	6.15% to 27.6%	7.5% to 36%	13% to 36%	13% to 36%

Our bank and other borrowings were denominated in RMB and HKD.

While our bank loans represented borrowings from banks in the PRC and Hong Kong, trust loans represented our trust financing with trust companies to fund some of our property development projects. Please refer to the section headed “Business — Project financing” in this prospectus for details of our trust financing arrangements. We use trust financing as a supplement to bank loans, as we consider that trust financing offers greater flexibility in terms of availability and tenor (as compared to bank loans).

Our other loans mainly consisted of loans from asset management companies and finance companies, staff loans and loans from other third parties which were not financial institutions, trust companies, asset management companies.

The increase in our bank and other borrowings from 31 December 2012 to 31 December 2015 was mainly attributable to the expansion of our business that resulted in the increase in our financing needs for our property development projects.

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Our bank and other borrowings amounting to approximately RMB1,731.5 million, RMB3,287.0 million, RMB3,795.4 million, RMB4,393.8 million and RMB5,535.7 million as at 31 December 2012, 2013 and 2014, 31 August 2015 and 31 December 2015, respectively, were secured by our assets. Out of which approximately RMB1,731.5 million, RMB3,254.0 million, RMB3,758.9 million, RMB4,393.8 million and RMB4,582.1 million were guaranteed by a Director and related parties as at 31 December 2012, 2013 and 2014, 31 August 2015 and 31 December 2015, respectively. Our bank and other borrowings of nil, approximately RMB554.6 million, RMB572.7 million, RMB594.2 million and nil as at 31 December 2012, 2013 and 2014, 31 August 2015 and 31 December 2015, respectively, were unguaranteed but secured by cash collateral placed by a related company. Unsecured bank borrowings of approximately RMB546.4 million as at 31 December 2015 were guaranteed by a Director and a related party. We plan to replace the guarantees provided by a Director and related parties upon Listing. As at the Latest Practicable Date, we were in the process of negotiating with certain financiers regarding the replacement of guarantees provided by a Director and a related company. Among our outstanding financing arrangements, CITIC Trust Company Limited\* (中信信託有限責任公司), China Huarong Asset Management Co., Ltd\* (中國華融資產管理股份有限公司) and AVIC Trust Company Limited\* (中航信託股份有限公司) agreed to replace existing guarantees with security to be provided by us upon Listing. Please refer to the section headed “Business — Project financing” in this prospectus for further details.

Unsecured other borrowings of approximately RMB14.0 million, RMB34.0 million, RMB14.0 million, nil and nil as at 31 December 2012, 2013 and 2014, 31 August 2015 and 31 December 2015, respectively, were guaranteed by a Director and related parties.

As at 31 December 2012, 2013 and 2014, 31 August 2015 and 31 December 2015, certain assets of our Group, including life insurance policy, property and equipment, investment properties, properties under development, properties held for sale and bank balances, were pledged to secure certain of our bank and other borrowings. The following table sets out the carrying amount of our assets that were pledged to secure certain of our bank and other borrowings as at the dates indicated:

	As at 31 December			As at	As at
	2012	2013	2014	31 August 2015	31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
Life insurance policy	—	—	—	9,584	9,584
Property and equipment	—	—	80,483	79,393	78,848
Investment properties	355,647	475,604	763,383	1,128,360	1,333,310
Properties under development	3,442,580	3,728,023	4,018,044	6,027,182	7,154,981
Properties held for sale	187,660	331,958	269,335	321,304	244,897
Pledged bank deposits	—	—	—	—	617,390
<b>Total</b>	<u>3,985,887</u>	<u>4,535,585</u>	<u>5,131,245</u>	<u>7,565,823</u>	<u>9,439,010</u>

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The following table sets out the financial guarantees provided by a Director, a related party and a related company for our bank and other borrowings as at the dates indicated:

	As at 31 December			As at	As at
	2012	2013	2014	31 August	31 December
	RMB'000	RMB'000	RMB'000	2015	2015
				RMB'000	RMB'000
					(Unaudited)
Bank and other borrowings guaranteed by a Director and related parties	<u>1,745,499</u>	<u>3,288,000</u>	<u>3,772,857</u>	<u>4,393,770</u>	<u>5,128,563</u>

The following table sets out the maturity of our bank and other borrowings as at the dates indicated:

	As at 31 December			As at	As at
	2012	2013	2014	31 August	31 December
	RMB'000	RMB'000	RMB'000	2015	2015
				RMB'000	RMB'000
					(Unaudited)
Within one year or on demand	640,793	2,480,559	2,836,246	2,493,543	3,060,212
More than one year, but not exceeding two years	1,344,000	1,720,000	2,007,900	2,774,400	3,076,448
More than two years, but not exceeding five years	—	140,000	—	—	—
Total	<u>1,984,793</u>	<u>4,340,559</u>	<u>4,844,146</u>	<u>5,267,943</u>	<u>6,136,660</u>

The following sets out a summary of the material covenants of our outstanding bank and other borrowings from the banks, trust companies and asset management companies as at 31 December 2015:

- the loan proceeds is only for specific use, such as development of specific projects;
- the borrower shall obtain consent from the creditor before any merger, spin-off, restructuring, liquidation, change of control, change of scope of business, division, capital reduction, equity transfer, material external investment, significant increase in debt financing or any other significant event which may affect its performance of obligations under the loan agreement;
- the borrowing shall not be prepaid unless with the consent of the creditors, and some of the creditors may also impose a fixed charge for such prepayment;
- the borrower shall obtain consent from the creditor before providing any guarantee in favour of any third party or creating or imposing any lien, charge or encumbrance on any material property or asset for the benefit of any third party which may affect its performance of obligations under the loan agreements; and
- with respect to the bank borrowing from Hong Kong commercial bank, the borrower shall maintain its loan-to-valuation ratio (as defined in the respective loan agreement and calculated based on the financial date of such borrower) at 70% or below.



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Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, we had no material default with regard to covenants and/or breaches of covenants under our bank borrowings. In addition, our Directors confirm that there are no material covenants in our existing bank borrowings that impose a substantial limitation on our ability to obtain further financing.

As at 31 December 2012, 2013 and 2014, 31 August 2015 and 31 December 2015, the amount of our unutilised banking facilities of our Group were nil, nil, approximately RMB9.5 million, RMB580.0 million and RMB753.6 million, respectively.

Save as disclosed in this prospectus, apart from intra-group current accounts, we did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued term loans, other borrowings or indebtedness in the nature of borrowing including credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding as at 31 December 2015. Our Directors confirm that, as at the Latest Practicable Date, there was no material change in our Group's indebtedness since 31 December 2015, and there is no external financing plan save as disclosed in this prospectus.

### CAPITAL EXPENDITURE

#### Historical capital expenditures

Our capital expenditure mainly comprised additions of property and equipment and investment properties. We paid capital expenditure of approximately RMB2.1 million, RMB202.3 million, RMB168.9 million and RMB84.0 million for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, respectively.

#### Planned capital expenditures

Save for the planned usage of the net proceeds from the Global Offering as disclosed in the section headed "Future plans and use of proceeds" in this prospectus and the additions of property and equipment and investment properties necessary for our business operations which will be made by our Group from time to time, our Group had no material planned capital expenditures as at 31 August 2015.

We estimate that our capital expenditure for the year ended 31 December 2015 and year ending 31 December 2016 will be approximately RMB8.1 million and RMB1.9 million, respectively. The actual amounts of expenditures incurred may vary from the estimate for a variety of reasons, including changes in market conditions and other factors. Our ability to obtain additional funding required for increased capital expenditure in the future is subject to a variety of uncertainties including the future results of our operations, financial condition and cash flows, and economic and political and other conditions in the PRC.

### CONTINGENT LIABILITIES

Our contingent liabilities primarily represented guarantees we provided to banks in respect of the mortgage bank loans granted to purchasers for purchases of our properties. Pursuant to the terms of the guarantees, in the case of a default on the mortgage payments by the purchasers, we are responsible for repaying the outstanding mortgage loans together with any accrued interest and penalties owed by the defaulting purchasers to the banks. Such guarantee will terminate and cease to be effective upon our customer obtaining the relevant building ownership certificate for the relevant property and completion of the relevant mortgage registration. The period of our guarantee provided to the relevant banks varies on a case-by-case basis subject to, among other things, the time at which our customers obtain the relevant



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mortgage loans. Since (i) the delivery of properties to our customers generally takes place within two years from the date of the relevant sales contract; and (ii) it is our policy to assist our customers to obtain the relevant building ownership certificates within six months from, among other things, the date of delivery of the relevant properties, the duration of our guarantee is generally within two and a half years from the date of the relevant sales contract. The guaranteed amount is limited to the mortgage loan amount. We did not incur any material losses during the Track Record Period with respect to the guarantees provided for mortgage bank loans granted to purchaser of our properties.

Our total contingent liabilities as at 31 December 2012, 2013 and 2014, 31 August 2015 and 31 December 2015 amounted to approximately RMB863.6 million, RMB1,414.7 million, RMB1,769.9 million, RMB1,848.2 million and RMB2,475.0 million, respectively. Our Directors take the view that the fair values of these guarantees of our Group were insignificant at initial recognition and the possibility of default of the purchasers was remote.

### COMMITMENTS

The following table sets out our commitments as at the dates indicated:

	As at 31 December			As at
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for in the consolidated financial statements:				
— Expenditure in respect of projects classified as properties under development for sales and investment properties under construction	4,613,648	5,411,111	5,246,967	3,927,928
— Expenditure in respect of acquisition of property and equipment	<u>—</u>	<u>59,416</u>	<u>—</u>	<u>—</u>

Save as disclosed in this prospectus, we have not entered into any financial guarantees or other commitments to guarantee the payment obligations of third parties. In addition, we have not entered into any derivative contracts that are indexed to our Shares and classified as Shareholders' equity, or that are not reflected in our audited consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. Moreover, we do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, there had been no material change in indebtedness, capital commitment and contingent liabilities of our Group. As at the Latest Practicable Date, our Group did not have any plans to raise any material debt financing shortly after the Global Offering.

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### OPERATING LEASE COMMITMENTS

#### As lessee

We lease certain office premises under operating lease arrangements. The following table sets out our future minimum lease payments under non-cancellable operating leases as at the dates indicated:

	As at 31 December			As at
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2015</i>
				<i>RMB'000</i>
Within one year	160	376	408	656
In the second to fifth year inclusive	—	117	15	796
<b>Total</b>	<b>160</b>	<b>493</b>	<b>423</b>	<b>1,452</b>

#### As lessor

The following table sets out our future minimum lease receipts under non-cancellable operating leases as at the dates indicated:

	As at 31 December			As at
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2015</i>
				<i>RMB'000</i>
Within one year	3,332	11,110	17,744	25,207
In the second to fifth year inclusive	64,931	71,456	71,078	110,120
After five years	121,548	103,912	86,546	89,480
<b>Total</b>	<b>189,811</b>	<b>186,478</b>	<b>175,368</b>	<b>224,807</b>

### KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as at the dates or for the periods indicated:

	As at/For the year ended 31 December			As at/For
	2012	2013	2014	the eight
				months
				ended 31
				August
				<b>2015</b>
Current ratio <sup>(Note 1)</sup>	1.33	1.30	1.31	1.36
Gearing ratio <sup>(Note 2)</sup>	1.90	3.67	3.06	4.40
Debt-to-equity ratio <sup>(Note 3)</sup>	1.83	3.57	3.04	4.36
Return on equity <sup>(Note 4)</sup>	11.8%	20.3%	10.7%	N/A
Net profit margin <sup>(Note 5)</sup>	6.5%	12.2%	8.3%	18.5%

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*Notes:*

- (1) Current ratio is calculated dividing the total current assets at the end of the year/period by the total current liabilities at the end of the year/period.
- (2) Gearing ratio is calculated by dividing total debt at the end of the year/period by total equity at the end of the year/period. Total debt represents the sum of bank and other borrowings and amounts due to related parties.
- (3) Debt-to-equity ratio is calculated by dividing the total net debt at the end of the year/period by the total equity at the end of the year/period. Net debt represents total debt net of cash and cash equivalents.
- (4) Return on equity is calculated by dividing net profit from continuing operations for the year by the total equity at the end of the year, and multiplying the result by 100%.
- (5) Net profit margin is calculated by dividing our net profit after taxes from continuing operations for the year/period by revenue for the same year/period, and multiplying the result by 100%.

### **Current ratio**

As at December 2012, 2013 and 2014 and 31 August 2015, our current ratio was approximately 1.33, 1.30, 1.31 and 1.36, respectively, and thus has remained relatively stable and in net current assets position.

### **Gearing ratio**

Our gearing ratio was approximately 1.90, 3.67, 3.06 and 4.40 as at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively.

The increase in our gearing ratio from 31 December 2012 to 31 December 2013 was primarily attributable to a relatively significant increase in our total debt from approximately RMB2,186.8 million as at 31 December 2012 to approximately RMB5,635.2 million as at 31 December 2013. The decrease in our gearing ratio from 31 December 2013 to 31 December 2014 was primarily attributable to an increase in our total equity mainly resulting from the net profit generated in 2013 and the capital contribution by equity holders of subsidiaries. The increase in our gearing ratio from 31 December 2014 to 31 August 2015 was primarily attributable to (i) an increase in our project financing for our property development projects; and (ii) a decrease in our total equity mainly resulting from a decrease in other reserve of approximately RMB696.5 million arising from the acquisition of certain of our subsidiaries upon Reorganisation for the eight months ended 31 August 2015.

### **Debt-to-equity ratio**

As at 31 December 2012, 2013 and 2014 and 31 August 2015, our debt-to-equity ratio was approximately 1.83, 3.57, 3.04 and 4.36, respectively. The changes of our debt-to-equity ratio followed a similar pattern of changes of our gearing ratio and hence was mainly affected by the reasons set out under the paragraphs headed “Key financial ratios — Gearing ratio” in this section.

### **Return on equity**

For the years ended 31 December 2012, 2013 and 2014, our return on total equity was approximately 11.8%, 20.3% and 10.7%, respectively.

The decrease in our return on equity from the year ended 31 December 2013 to the year ended 31 December 2014 was mainly attributable to a decrease in our net profit for the year and an increase in equity.

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The increase in our return on equity from the year ended 31 December 2012 to the year ended 31 December 2013 was mainly attributable to the relatively higher rate of increase in our profit for the year ended 31 December 2013.

### Net profit margin

For the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, our net profit margin was 6.5%, 12.2%, 8.3% and 18.5%, respectively.

The reasons for the fluctuation of our net profit margin during the Track Record Period are set out in the paragraphs headed “Discussion of results of operations — Eight months ended 31 August 2015 compared to eight months ended 31 August 2014 — Profit for the period”, “Discussion of results of operations — Year ended 31 December 2014 compared to year ended 31 December 2013 — Profit for the year”, “Discussion of results of operations — Year ended 31 December 2013 compared to year ended 31 December 2012 — Profit for the year” in this section.

### PROPERTIES AND VALUATION

Please refer to the sections headed “Business — Portfolio of our property development projects” and “Appendix IV — Property valuation” in this prospectus for details of our property interests.

JLL, an independent qualified professional surveyor, has valued our property interests as at 30 November 2015. A full list of properties and a summary of the values issued by JLL is included in “Appendix IV — Property valuation” in this prospectus.

The table below sets out the reconciliation between the net book value of our properties as at 31 August 2015 as extracted from the accountants’ report set out in Appendix I to this prospectus and the market value of our properties as at 30 November 2015 as extracted from our property valuation report set out in Appendix IV to this prospectus:

	<i>RMB’000</i>
Net book value of the following properties as at 31 August 2015 as set out in Appendix I to this prospectus:	
Leasehold land and building	79,393
Investment properties	1,366,764
Properties held for sale	780,829
Properties under development	<u>7,192,966</u>
	9,419,952
Add: Additions	954,455
Add: Changes in fair value of investment properties and upon transfer from inventory properties to investment properties	8,618
Less: Disposals	(270,898)
Less: Depreciation	<u>(408)</u>
Net book value of the properties as at 30 November 2015 (unaudited)	10,111,719
Revaluation surplus <sup>(Note 1)</sup>	<u>7,586,393</u>
Market value of the properties as at 30 November 2015 as set out in the property valuation report in Appendix IV to this prospectus <sup>(Note 2)</sup>	<u><u>17,698,112</u></u>

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### Notes:

1. *The revaluation surplus was not recorded in our consolidated financial statements as our properties (except for investment properties) were stated (i) at cost less accumulated depreciation or amortisation and any impairment losses; or (ii) at the lower of cost and net realisable value.*
2. *We have not yet obtained the relevant land use rights certificates for two project lands for Guxi Jiayuan Central Plaza and Taizhou Jiayuan Central Plaza respectively. Accordingly, no commercial value has been attributed to these project lands. However, we have entered into land grant contracts with the relevant government authorities for these project lands. Further, the PRC Legal Adviser has advised that based on the confirmations issued by the relevant competent government authorities, we are legally entitled to obtain the relevant land use rights certificates provided that we are able to perform the obligations under the relevant land grant contracts. For further details, please refer to the section headed “Business — Details of our property development projects” in this prospectus. For reference purpose, the market value of our properties as at 30 November 2015 as set out in the property valuation report in Appendix IV to this prospectus would have been approximately RMB17,813,112,000 assuming property title certificates had been obtained for the aforesaid project lands and the project lands could be freely transferred. Please also refer to the property valuation report in Appendix IV to this prospectus for further details.*

## MARKET RISKS

We are exposed to various market risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. We manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner. We do not enter into derivative financial instruments for hedging purpose. During the Track Record Period, there had been no significant change to our exposure to our market risks or the manner in which we manage and measure them.

### Interest rate risk

We were exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and bank and other borrowings. We were also exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on restricted and pledged bank deposits, variable-rate bank and other borrowings which carried interest at prevailing market interest rates.

Our cash flow interest rate risk was mainly concentrated on the fluctuation of HIBOR and the lending rate quoted by PBOC arising from our bank and other borrowings.

We did not use any derivative contracts to hedge our exposure to interest rate risk. However, we will consider hedging significant interest rate exposure should the need arise.

If interest rate for bank and other borrowings had been 100 basis points high/lower and all other variables being held constant, our profit for the year/period would decrease/increase by nil, approximately RMB5.5 million, RMB6.1 million and RMB4.4 million for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, respectively, after taking into account the capitalisation of certain interest expenses in properties under development/investment properties under construction.

No sensitivity analysis has been prepared for the exposure to interest rate risk on the Group’s bank balances as the directors of the Company consider that the exposure is minimal.

### Foreign currency risk

We collected all of our revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures were also denominated in RMB.

We undertook certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arose. We did not have a foreign currency hedging policy. However, our management monitored foreign exchange exposure and would consider hedging significant foreign currency exposure should the need arise.

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As at 31 December 2012, 2013 and 2014 and 31 August 2015, we had deposit paid for a life insurance policy, bank balances and cash and bank borrowings denominated in foreign currencies as set out in notes 20, 26 and 28 of Section A in the accountants' report set out in Appendix I to this prospectus, respectively, which exposed our Group to foreign currency risk and mainly concentrated on the exposure to US\$ and HK\$.

No sensitivity analysis has been presented on the exposure to foreign currency risk on our foreign currency denominated deposit paid for a life insurance policy and bank balances as our Directors considered that the exposure was minimal.

The following table details our sensitivity to a 5% increase and decrease in RMB against HK\$. The sensitivity analysis includes our outstanding bank and other borrowings denominated in HK\$ at the end of each reporting period. A positive number below indicates an increase in profit where RMB strengthen 5% against HK\$.

<b>Impact of HK\$</b>	<b>For the year ended 31 December</b>			<b>For the</b>
				<b>eight</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>months</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<b>31 August</b>
				<b>2015</b>
				<i>RMB'000</i>
Increase in profit for the year/period	<u>—</u>	<u>27,730</u>	<u>30,621</u>	<u>32,721</u>

### Credit risk

As at the end of each reporting period, our maximum exposure to credit risk which would cause a financial loss to our Group due to failure to discharge an obligation by the counterparties was arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statements of financial position and the amount of contingent liabilities disclosed in note 37 of Section A in the accountants' report set out in Appendix I to this prospectus.

In order to minimise the credit risk, the management of our Group had policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of our Group reviewed the recoverable amount of each debtor at the end of the reporting period to ensure that adequate impairment losses were made for irrecoverable amounts. In this regard, our Directors consider that the credit risk was significantly reduced.

Our amounts due from related parties as at 31 December 2012 and 31 August 2015 mainly included our amounts due from Zhejiang Jia Yuan Group, representing approximately 69.9% and 80.1% of our total amounts due from related parties, respectively. Zhejiang Jia Yuan Group is engaged in property development business in the PRC. Our Directors considered that the credit risk on these balances was limited.

Our amounts due from related parties as at 31 December 2013 and 31 December 2014 mainly included amounts due from Jia Yuan Chuangsheng, representing approximately 87.7% and 93.8% of our total amounts due from related parties, respectively. Jia Yuan Chuangsheng is engaged in property development business in the PRC. Our Directors considered that the credit risk on these balances was limited.

## FINANCIAL INFORMATION

Apart from our amounts due from related parties, we did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. We define counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the Track Record Period.

The credit risk on liquid funds was limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

For properties that were presold but development had not been completed, we typically provided guarantees to banks in connection with our customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of the mortgage during the period of guarantee, the bank holding the mortgage may demand our Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, our Group is able to forfeit our sales deposit received and re-sell the repossessed properties. Therefore, our Directors considered our Group would likely recover any loss incurred arising from the guarantee by us. Our Directors considered the credit risk exposure to financial guarantees provided to property purchasers was limited because the facilities were secured by the properties and the market prices of the properties were higher than the guaranteed amounts. In this regard, the Directors considered that our Group's credit risk was significantly reduced.

### Liquidity risk

Our Directors closely monitored the cash flows of our Group and, upon maturity, would arrange the renewal and refinancing of the bank and other borrowings, where necessary, to enable our Group to carry on our operations in the foreseeable future. In this regard, the Directors considered that our Group's liquidity risk was significantly reduced.

The following tables detail our remaining contractual maturity for our non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which our Group can be required to pay. Specifically, bank loans which were repayable on demand are included in the earliest time band. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

		On demand or within one year <i>RMB'000</i>	One to two years <i>RMB'000</i>	Two to five years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount as at 31 December 2012 <i>RMB'000</i>
Trade and other payables	—	558,777	—	—	558,777	558,777
Amounts due to related parties	—	201,998	—	—	201,998	201,998
Bank and other borrowings						
— Fixed rate	18.5%	519,572	1,426,558	—	1,946,130	1,573,294
— Variable rate	7.4%	377,370	62,998	—	440,368	411,499
		1,657,717	1,489,556	—	3,147,273	2,745,568
Financial guarantee						
— Mortgage guarantees	—	863,607	—	—	863,607	—
Total		<u>2,521,324</u>	<u>1,489,556</u>	<u>—</u>	<u>4,010,880</u>	<u>2,745,568</u>



## FINANCIAL INFORMATION

	Interest rate	On demand or within one year RMB'000	One to two years RMB'000	Two to five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount as at 31 December 2013 RMB'000
Trade and other payables	—	763,977	—	—	763,977	763,977
Amounts due to related parties	—	1,294,663	—	—	1,294,663	1,294,663
Bank and other borrowings						
— Fixed rate	16.8%	2,224,403	1,623,700	—	3,848,103	3,325,969
— Variable rate	4.8%	644,233	278,860	143,516	1,066,609	1,014,590
		4,927,276	1,902,560	143,516	6,973,352	6,399,199
Financial guarantee						
— Mortgage guarantees	—	1,414,724	—	—	1,414,724	—
Total		6,342,000	1,902,560	143,516	8,388,076	6,399,199

	Interest rate	On demand or within one year RMB'000	One to two years RMB'000	Two to five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount as at 31 December 2014 RMB'000
Trade and other payables	—	837,674	—	—	837,674	837,674
Amounts due to related parties	—	671,346	—	—	671,346	671,346
Bank and other borrowings						
— Fixed rate	14.6%	2,462,016	2,006,519	—	4,468,535	3,931,723
— Variable rate	3.7%	784,744	143,201	—	927,945	912,423
		4,755,780	2,149,720	—	6,905,500	6,353,166
Financial guarantee						
— Mortgage guarantees	—	1,769,875	—	—	1,769,875	—
Total		6,525,655	2,149,720	—	8,675,375	6,353,166

	Interest rate	On demand or within one year RMB'000	One to two years RMB'000	Two to five years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount as at 31 August 2015 RMB'000
Trade and other payables	—	688,501	—	—	688,501	688,501
Amounts due to related parties	—	235,447	—	—	235,447	235,447
Bank and other borrowings						
— Fixed rate	13.7%	2,295,128	3,133,654	—	5,428,782	4,613,528
— Variable rate	2.8%	654,415	—	—	654,415	654,415
		3,873,491	3,133,654	—	7,007,145	6,191,891
Financial guarantee						
— Mortgage guarantees	—	1,848,198	—	—	1,848,198	—
Total		5,721,689	3,133,654	—	8,855,343	6,191,891

## FINANCIAL INFORMATION

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts included above for financial guarantee contracts were the maximum amounts our 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 reporting period, our Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under our guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

### RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we had significant balances with our related parties. Please refer to note 39 of Section A in the accountants' report set out in Appendix I to this prospectus for a list of our significant balances with related parties.

The following table sets out a breakdown of our related party balances as at the dates indicated:

	As at 31 December			As at
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
<b>Amounts due from related parties</b>				
<i>Non-trade nature</i>				
Jia Yuan Chuangsheng	321,000	364,900	364,900	30,400
Zhejiang Jia Yuan Group	745,373	—	—	1,256,996
Zhejiang Guangyuan	—	—	—	144,000
Tongxiang Jia Yuan	—	—	—	92,000
<i>Trade nature</i>				
Jiaxing Boyuan	—	51,094	24,094	45,584
<b>Total</b>	<u>1,066,373</u>	<u>415,994</u>	<u>388,994</u>	<u>1,568,980</u>
<b>Amounts due to related parties</b>				
<i>Non-trade nature</i>				
Zhejiang Jia Yuan Group	—	1,274,091	454,322	—
Jiangsu Five Star Appliance Company Limited* (江蘇五星電器有限公司)	—	—	—	234,025
Zhejiang Xigu	—	—	114,724	—
Jiaxing Deyu	—	—	5,890	—
<i>Trade nature</i>				
Jia Yuan Property	1,794	12,984	13,876	1,422
Jiaxing Boyuan	2,993	—	—	—
	<u>4,787</u>	<u>1,287,075</u>	<u>588,812</u>	<u>235,447</u>
<b>Amount due to a Director</b>				
Mr. Shum Tin Ching	197,211	7,588	82,534	—
<b>Total</b>	<u>201,998</u>	<u>1,294,663</u>	<u>671,346</u>	<u>235,447</u>

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## FINANCIAL INFORMATION

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All related party balances were unsecured, non-interest bearing and repayable on demand. The balances as at 31 August 2015 are expected to be settled before Listing.

Our amount due to a Director mainly represented payments made by our Director on our behalf for our offshore costs and expenses for convenience purpose. As at 31 August 2015, our amount due to a Director was fully repaid by our Group.

Our non-trade amounts due from/(to) related parties mainly represented fund transfers from/(to) related parties, payments made by us on behalf of related parties or vice versa for convenience purpose, except for the outstanding consideration payable to us by Jia Yuan Chuangsheng, Zhejiang Jia Yuan Group, Tongxiang Jia Yuan and Zhejiang Guangyuan of approximately RMB30.4 million, RMB328.5 million, RMB92.0 million and RMB144.0 million as at 31 August 2015, respectively, arising from disposal of certain of our subsidiaries and associates under the Reorganisation. As at the Latest Practicable Date, the amount due from Zhejiang Jia Yuan Group arising from advanced payments made by us on its behalf was fully settled. Subsequent to such settlement, the remaining amount due from Zhejiang Jia Yuan Group mainly represented the outstanding consideration payable arising from disposal of certain of our subsidiaries and associates under the Reorganisation.

Apart from the above related party balances, we had also entered into various transactions with our related parties during the Track Record Period. For details of related party transactions, please refer to note 39 of Section A in the accountants' report set out in Appendix I to this prospectus.

Our Directors confirm that our related party transactions were conducted on arm's length basis in the ordinary and usual course of business and on normal commercial terms between the relevant parties.

### LISTING EXPENSES

The estimated total listing expenses to be borne by our Group, which is non-recurring in nature, is approximately RMB50.7 million (including the underwriting commission assuming an Offer Price of HK\$1.99 per Offer Share, being the mid-point of the indicative Offer Price range), of which approximately RMB28.5 million is directly attributable to the issue of the Offer Shares and is to be accounted for as a deduction from equity upon Listing. The remaining amount of approximately RMB22.2 million is expected to be charged to our consolidated statement of profit or loss and other comprehensive income.

Approximately RMB12.1 million of the listing expenses was charged as other expenses to our consolidated statement of profit or loss and other comprehensive income for the eight months ended 31 August 2015. Out of the remaining amount of approximately RMB10.1 million, RMB3.5 million and RMB6.6 million are expected to be charged to our consolidated statement of profit or loss and other comprehensive income for the remaining period of the year ended 31 December 2015 and the year ending 31 December 2016, respectively. Such estimated increase in other expenses will materially affect the net profit and the net profit margin for the year ended 31 December 2015 and the year ending 31 December 2016. Together with the aforementioned impact on our equity, the listing expenses are expected to result in material adverse changes in the results of operation and financial or trading position of our Group since 31 August 2015, being the date on which the latest audited financial statements of our Group were made up.

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## FINANCIAL INFORMATION

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### DIVIDEND AND DISTRIBUTABLE RESERVES

A dividend of RMB22.0 million was paid to the then existing equity holders of one of our subsidiaries for the year ended 31 December 2013. No dividend was paid or proposed by our Group for the years ended 31 December 2012 and 2014 and the eight months ended 31 August 2015. Our Company currently does not have a fixed dividend policy. Our historical dividend distribution record may not be used as a reference or basis to determine the level of dividends that may be declared or paid by us in the future. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our Group's operation.

The amount of any dividends to be declared in the future will be subject to the discretion of our Directors and depend on, among others, our Group's results of operations, available cash flows and financial condition, operating and capital requirements, the amount of distributable profits based on HKFRS, the Articles of Association, the Companies Law, applicable laws and regulations, legal and contractual restrictions, and any other factors that our Directors deem relevant. Our Shareholders will be entitled to receive such dividends pro rata according to the amounts paid up or credited as paid up on the Shares. In addition, the declaration and payment of dividends may also be limited by legal restrictions and any agreements or contracts that our Company may enter into in the future.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRSs. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends.

As at 31 August 2015, our Company did not have any distributable reserves available for distribution to our Shareholders.

### PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2015

Our Directors estimate, on the bases set out in Appendix III to this prospectus, the estimated consolidated profit attributable to owners of our Company for the year ended 31 December 2015 as follows:

Estimated consolidated profit attributable to owners of our Company	
— from continuing and discontinued operations .....	not less than RMB272 million
— from continuing operations.....	not less than RMB290 million

The estimated amounts of change in fair value of investment properties and change in fair value upon transfer from inventory properties to investment properties for the year ended 31 December 2015 are approximately RMB236.9 million and RMB191.1 million, respectively. The estimated fair value gains on investment properties excluding attributable to disposal of investment properties (which equals to estimated amount of change in fair value of investment properties excluding the fair value gains attributable to disposal of investment properties) for the year ended 31 December 2015 is approximately RMB100.3 million.

## FINANCIAL INFORMATION

The profit estimate, for which our Directors are solely responsible for, has been prepared by them based on (i) the audited consolidated results of our Group for the eight months ended 31 August 2015 as set out in the accountants' report as set out in Appendix I to this prospectus; and (ii) the unaudited consolidated results based on the management accounts of our Group for the remaining four months ended 31 December 2015.

### UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of our Group, prepared in accordance with Rule 4.29 of the Listing Rules, is for illustrative purposes only, and is set out below to illustrate the effect of the Global Offering on the consolidated net tangible assets of our Group attributable to owners of our Company as at 31 August 2015 as if the Global Offering had taken place on 31 August 2015.

This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial position of our Group attributable to owners of our Company following the Global Offering:

	<b>Audited consolidated net tangible assets attributable to owners of our Company as at 31 August 2015 (Note 1) RMB'000</b>	<b>Estimated net proceeds from the Global Offering (Note 2) RMB'000</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company RMB'000</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of our Group per Share (Note 3 and 4) RMB                      HK\$</b>	
Based on the Offer Price of HK\$1.49 per Offer Share	1,239,556	527,867	1,767,423	0.98	1.17
Based on the Offer Price of HK\$2.48 per Offer Share	1,239,556	890,555	2,130,111	1.18	1.41

*Notes:*

- (1) The audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 August 2015 was determined as follows:

	<i>RMB'000</i>
Audited consolidated net assets of our Group as at 31 August 2015 in the accountants' report as set out in Appendix I to this prospectus	1,251,724
Less: Non-controlling interests	<u>12,168</u>
Audited consolidated net tangible assets of our Group attributable to owners of our Company as at 31 August 2015	<u><u>1,239,556</u></u>

- (2) The estimated net proceeds from the Global Offering are based on the total number of Offer Shares and the Offer Price range of HK\$1.49 and HK\$2.48 per Share, respectively, after deduction of underwriting fees and related expenses to be incurred subsequent to 31 August 2015 and payable by our Company but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from HK\$ into RMB at an exchange rate of RMB0.8372 to HK\$1, which was the rate prevailing on 17 February 2016. No representation is made that HK\$ amounts have been, could have been or may be converted to RMB amounts, or vice versa, at that rate or at all.

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## FINANCIAL INFORMATION

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- (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 a total of 1,800,000,000 Shares are expected to be in issue pursuant to the Global Offering and take no account of any Shares which may be allocated and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into HK\$ at an exchange rate of RMB0.8372 to HK\$1, which was the rate prevailing on 17 February 2016. No representation is made that RMB amounts have been, could have been or may be converted to HK\$ amounts, or vice versa, at that rate or at all.
- (5) The leasehold land and building included in property and equipment of our Group were valued by JLL and the valuation report in respect of which is set out in Appendix IV to this prospectus. According to the valuation report, such property interests of our Group as at 30 November 2015 amounted to approximately RMB82.8 million. Comparing this amount with the carrying value of the leasehold land and building included in property and equipment of our Group as at 30 November 2015 of approximately RMB79.0 million, there was a surplus of approximately RMB3.8 million. Had such property interests been stated at revaluation, additional annual depreciation of approximately RMB78,000 will therefore be charged. The surplus on revaluation will not be reflected in our Group's consolidated financial statements in subsequent years as our Group has elected to state such property interests at cost model.

### NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, since 31 August 2015 and up to the date of this prospectus, save as disclosed in the preceding section, there had been no material adverse change in our financial, operational or trading position or prospects, and there had been no event that would have material adverse effect on the information presented in the accountants' report set out in Appendix I to this prospectus.

### DISCLOSURE PURSUANT TO RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that, as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules upon the Listing.

### RECENT DEVELOPMENT

Our business operations have remained stable after the Track Record Period. We did not experience any significant drop in revenue or a sharp increase in our cost of sales up to 30 November 2015 as there were no material changes to our general business model and economic environment. Our monthly contracted GFA decreased from an average of approximately 30,667.3 sq.m. for the eight months ended 31 August 2015 to approximately 30,236.1 sq.m. for the 11 months ended 30 November 2015. Our contracted sales for the eight months ended 31 August 2015 and the 11 months ended 30 November 2015 amounted to approximately RMB2,412.3 million and RMB3,266.7 million, respectively.

On 24 September 2015, PBOC and CBRC jointly issued *the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy* (《中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知》), which provides that in cities where “property purchase control measures” are not implemented, the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25%. As some of our property development projects are located in cities where there is no property purchase control measure, we believe that the aforementioned reduction in the minimum down payment ratio may encourage demand for our residential properties by first home buyers in those cities and have a favourable effect on our business, results of operations and financial condition.

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## FINANCIAL INFORMATION

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On 1 February 2016, PBOC and CBRC jointly issued *the Circular of the People's Bank of China and China Banking Regulatory Commission on Issues concerning Adjusting the Individual Housing Loan Policies* (《中國人民銀行、中國銀行業監督管理委員會關於調整個人住房貸款政策有關問題的通知》). The Circular specifies that, in principle, in the cities where property purchase control measures are not implemented, the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of its first ordinary residential property shall be 25% of the purchase price, however local authorities have been allowed to adjust such down payment ratio to 20%. Meanwhile, with respect to a household that already owns a residential property with unsettled personal housing commercial loan and applies for another personal housing commercial loan to purchase another ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio for that purchase shall be at least 30% of the corresponding purchase price. As advised by the PRC Legal Adviser, the original legal position is that a home buyer can only enjoy the down payment ratio for purchasing a second residential property at the rate of 30% of the purchase price if the first personal housing commercial loan has been fully repaid. Accordingly, we believe that a further downward adjustment of down payment ratio for home purchase by first home buyers and the relaxation of the relevant rules for down payment ratio for home purchase by second home buyers may encourage demand for our residential properties, which will have a favourable effect on our business, results of operations and financial condition.

In January and February 2016, the relevant PRC government authorities promulgated two regulations which are relevant to our operations. In particular, the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》), which took effect in 1 January 2016, authorises the real estate registration authority to perform site inspection following an acceptance of the application for real estate registration and sets out regulations regarding real estate registration information management. Further, the Provisions on Releasing Real Estate Advertisements (《房地產廣告發佈規定》), which took effect on 1 February 2016, stipulates that a real estate advertisement shall not contain any information relating to the geomancy, divination or other superstitious information. We do not consider that the introduction of these regulations will have a material adverse impact on our operation.

For further details of the above policies and regulations, please refer to the section headed “Regulatory overview” in this prospectus.



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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

Please refer to the section headed “Business — Business strategies” in this prospectus for a detailed description of our future plans.

### USE OF PROCEEDS

Assuming an Offer Price of HK\$1.99 (being the mid-point of the indicative Offer Price range of HK\$1.49 to HK\$2.48) and the Over-allotment Option is not exercised, the net proceeds from the Global Offering, after deducting the underwriting fees and estimated expenses payable by us in connection with the Global Offering, are estimated to be approximately HK\$834.9 million. Our Directors presently intend to apply the net proceeds as follows:

- (i) up to 60%, or approximately HK\$500.9 million, of the net proceeds is expected to be used as the construction costs for the development of our existing property development projects, namely Zijin Mansion and Jiayuan New World. For further details of Zijin Mansion and Jiayuan New World, please refer to the section headed “Business — Details of our property development projects”;
- (ii) up to 30%, or approximately HK\$250.5 million, of the net proceeds is expected to be used as the land acquisition and construction costs of our potential property development projects and acquisition of land reserves by seeking and acquiring land parcels in cities in which we are currently operating and plan to expand. As at the Latest Practicable Date, our Directors confirm that we had not identified any specific projects or lands for acquisition;
- (iii) up to 10%, or approximately HK\$83.5 million, of the net proceeds is expected to be used for general working capital purposes.

In the event that the Offer Price is set at the high-end and the low-end of the proposed Offer Price range, we will receive net proceeds of approximately HK\$1,049.3 million and HK\$616.1 million, after deducting related underwriting fees and expenses, respectively. If the Over-allotment Option is exercised in full, we will receive additional net proceeds of approximately HK\$130.6 million, assuming an Offer Price of HK\$1.99 per Offer Share (being the mid-point of the indicative Offer Price range). We intend to adjust the allocation of the net proceeds to the above uses, on pro rata basis.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we intend to hold such funds in short-term deposits with licenced banks and/or authorised financial institutions for so long as it is in our best interests.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through cash generated from our operation, bank financing and other means.

We will issue an announcement in Hong Kong in the event that there is any material change to the use of proceeds described above.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### Joint Bookrunners and Joint Lead Managers

CCB International Capital Limited

Haitong International Securities Company Limited

#### Co-Lead Manager

BOSC International Company Limited

### INTERNATIONAL UNDERWRITERS

#### Joint Bookrunners and Joint Lead Managers

CCB International Capital Limited

Haitong International Securities Company Limited

#### Co-Lead Manager

BOSC International Company Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### Hong Kong Public Offering

##### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Public Offering, the Company is offering the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares to be offered as mentioned herein (including the additional Shares to be issued pursuant to the exercise of the Over-allotment Option) and to certain other conditions set out in the Hong Kong Underwriting Agreement and the International Placing Agreement having been duly executed and delivered and having become unconditional in accordance with its terms, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for, their respective applicable proportions of the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

##### *Grounds for termination*

The obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for, the Hong Kong Offer Shares are subject to termination. The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled to terminate their obligations under the Hong Kong Underwriting Agreement, if at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
  - i. any new law, statute, ordinance, rule, guidelines, regulation, opinion, notice, circular, order, judgement, decree or ruling (“Laws”) or any change or development involving a

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## UNDERWRITING

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- prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority of or affecting the Cayman Islands, the BVI, Hong Kong, the PRC or any other relevant jurisdiction (collectively, the “Relevant Jurisdictions” and individually, a “Relevant Jurisdiction”); or
- ii. any change or development involving a prospective change in, or any event or series of events resulting or likely to result in any or representing any change or development involving a prospective change in, local, national or international financial, political, military, industrial, legal, economic, currency exchange rates, exchange control, currency market, fiscal or regulatory or market matters or conditions or any monetary or trading settlement system (including but not limited to conditions in stock and bond markets, money and foreign exchange markets and inter-bank markets) in or affecting any Relevant Jurisdiction; or
  - iii. the imposition or declaration of any moratorium, suspension, restriction or limitation on trading in shares or securities generally on the New York Stock Exchange, the Nasdaq National Market, the Stock Exchange, the SGX-ST, Tokyo Stock Exchange, the London Stock Exchange, the Shenzhen Stock Exchange or the Shanghai Stock Exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority, or a disruption has occurred in securities settlement, payment or clearance services or procedures in or affecting any Relevant Jurisdiction; or
  - iv. any change or development or event occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investment regulations or currency exchange rates in any Relevant Jurisdiction; or
  - v. any change or development or event occurs involving a prospective change in the condition, financial or otherwise, or in the earnings, business affairs, business prospects or trading position of any member of the Group, or customer confidence, including but not limited to any action, suit, proceeding, litigation or claim of any third party being threatened or instigated against any member of the Group, or any investigation of any member of the Group or an order for suspension of business by any government department or authority; or
  - vi. any change or prospective change, or a materialisation of, any of the risks set out in the section headed “Risk factors” in this prospectus; or
  - vii. any moratorium on or disruption in banking activities or foreign exchange trading or settlement or clearance services in or affecting any Relevant Jurisdiction; or
  - viii. any outbreak or escalation of hostilities (whether or not war is or has been declared) or act of terrorism or other state of emergency or calamity or wide-spread epidemic or political or social crisis involving directly or indirectly any Relevant Jurisdiction, or the declaration by any Relevant Jurisdiction of a national emergency or war; or
  - ix. any event of force majeure or beyond the control of the Hong Kong Underwriters, including without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, earthquake, tsunami, volcanic eruption, ice-storm, explosion, outbreak of disease or epidemic, acts of government, labour dispute, strike or lock-out involving directly or indirectly any Relevant Jurisdiction; or

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- x. any imposition of any economic sanctions, in whatever form, directly or indirectly, by any Relevant Jurisdiction, or on any Relevant Jurisdiction, or against any member of the Group; or
- xi. a Director being charged or indicted or retained with an indictable offence or prohibited by operation of law or otherwise disqualified from directorship or taking part in the management of a company, or the commencement by any governmental authority of any investigation or other action against any Director in his or her capacity as such or an announcement by any governmental authority that it intends to take any such actions; or
- xii. the chairman or chief executive officer of the Company vacating his office in circumstances where the operations of the Group will be materially and may, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), be adversely affected; or
- xiii. any non-compliance of this prospectus (or any other documents used in connection with the Global Offering) or any aspect of the Global Offering with the Listing Rules, the Articles of Association, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules, the SFO or any other applicable Laws by any of the Company, the Controlling Shareholders, or the executive Directors,
- xiv. the commencement by any judicial, political, governmental or regulatory body or organisation of any investigation, claim, proceeding or other action, or announcing an intention to investigate or take such action, against any Director or any member of our Group; or
- xv. any litigation, or claim, or investigation, or action, being announced, threatened, or instigated against any member of our Group, any Controlling Shareholder or any executive Director; or
- xvi. any contravention by any member of the Group of the Companies Ordinance, the Companies (WUMP) Ordinance, the Listing Rules or applicable Laws,

which, in each case or in the aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

- (A) is or may be or is likely to be materially adverse to, or materially or prejudicially affect, the business, financial or other condition or prospects of the Company or the Group, taken as a whole, or, to any present or prospective shareholder of the Company in his/her/its capacity as such; or
- (B) has or might have or is likely to have a material adverse effect on the success of the Hong Kong Public Offering, the International Placing or the Global Offering or the level of Offer Shares being applied for or accepted or the distribution of Offer Shares; or
- (C) makes or will or is likely to make it inadvisable, inexpedient, impracticable or not commercially viable to proceed with or to market the Hong Kong Public Offering, the International Placing or the Global Offering, or a material part of the Hong Kong Underwriting Agreement, the International Placing Agreement, the Hong Kong Public Offering, the International Placing or the Global Offering to be performed or

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## UNDERWRITING

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implemented in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

- (b) there has come to the notice of the Sole Global Coordinator:
- i. of any breach of any of the warranties, representations, obligations or undertakings given by or imposed upon the Company, the Controlling Shareholders and the executive Directors in the Hong Kong Underwriting Agreement and the International Placing Agreement or any matter or event showing any of such warranties, representations, obligations or undertakings to be untrue, inaccurate or misleading or having been breached in any respect when given or repeated; or
  - ii. of any breach on the part of the Company, any of the Controlling Shareholders or any of the executive Directors of any of the provisions of the Hong Kong Underwriting Agreement or the International Placing Agreement; or
  - iii. 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 material omission therefrom; or
  - iv. that any statement contained in this prospectus, the Application Forms, the formal notice, other offering documents or any announcements (including any supplement or amendment thereto) considered by Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering was, when it was issued, or has become untrue, incorrect in any material respect or misleading, or that any estimates, forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, the formal notice, other offering documents or any announcements (including any supplement or amendment thereto) considered by Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its sole and absolute opinion to be material in the context of the Global Offering is not, in all respects, fair and honest and based on reasonable assumptions; or
  - v. there shall have occurred any event, act or omission which gives or is likely to give rise to any liability of a material nature of the Company or any of the Controlling Shareholders or the executive Directors pursuant to the indemnities referred to in the Hong Kong Underwriting Agreement or the International Placing Agreement; or
  - vi. of any valid demand by any creditor for repayment or payment of any indebtedness of the Company or any member of the Group or in respect of which the Company or any member of the Group is liable prior to its stated maturity which demand has or could reasonably be expected to have a material adverse effect on the Group taken as a whole; or
  - vii. that an order is made or a petition is presented for the winding-up or liquidation of the Company or any member of the Group or the Company or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of the Company or any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of the Company or any member of the Group or anything analogous thereto occurs in respect of the Company or any member of the Group; or

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## UNDERWRITING

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- viii. that approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued pursuant to the exercise of Over-allotment Option) to be issued or sold under the Global Offering is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) revoked or withheld; or
- ix. that the Company withdraws any of the offering documents issued in connection with the Global Offering (and/or any other documents used in connection with the contemplated subscription of the Offer Shares), collectively, the (“Offer Documents”) or the Global Offering; or
- x. that any person (other than the Sole Sponsor and/or the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or
- xi. of, other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated subscription of the Shares) pursuant to the Companies (WUMP) Ordinance, the Listing Rules, the SFO or any other applicable laws, or any requirement or request of the Stock Exchange and/or the SFC; or
- xii. of any prohibition on the Company by any governmental authority for whatever reasons from offering, allotting, issuing or selling the Shares (including any additional Shares that may be issued pursuant to the exercise of Over-allotment Option) pursuant to the terms of the Global Offering,

then the Sole Global Coordinator may, and upon giving notice in writing to the Company and the Hong Kong Underwriters, terminate the Hong Kong Underwriting Agreement with immediate effect.

### ***International Placing***

In connection with the International Placing, it is expected that our Company will enter into the International Placing Agreement with, among others, the International Underwriters, the Sole Global Coordinator, the Joint Lead Managers and the Joint Bookrunners, shortly after determination of the Offer Price.

Under the International Placing Agreement, subject to the conditions set forth therein, the International Underwriters are expected to severally agree to purchase or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. It is expected that the International Placing Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that in the event that the International Placing Agreement is not entered into, the Global Offering will not proceed.

We expect to grant to the Sole Global Coordinator, on behalf of the International Underwriters, the Over-allotment Option exercisable at any time and from time to time from the date of the International Placing Agreement until the 30th day after the last date for lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 67,500,000 additional Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share under the International Placing, solely to cover over-allocations, if any, in the International Placing.

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## UNDERWRITING

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### *Commissions and expenses*

The Hong Kong Underwriters will receive an underwriting commission of 2.75% on the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, out of which they will pay any sub-underwriting commission. The International Underwriters will receive an underwriting commission of 2.75% on the aggregate Offer Price of the International Placing Shares initially offered under the International Placing. In addition, the Company may, in its sole discretion, pay to any Underwriter an additional discretionary incentive fee of up to 1% of the Offer Price per Offer Share. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Sole Global Coordinator and the relevant International Underwriters (but not the Hong Kong Underwriters).

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees and printing and other expenses relating to the Global Offering are estimated to amount to approximately HK\$60.6 million in total (based on the Offer Price of HK\$1.99, being the mid-point of the indicative Offer Price range between HK\$1.49 and HK\$2.48, and assuming the Over-allotment Option is not exercised) and will be payable by us.

### **UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES**

Pursuant to Rule 10.07(1) of the Listing Rules, each of the Controlling Shareholders (namely Mr. Shum and Mingyuan Investment) has undertaken to the Stock Exchange that save as disclosed in this prospectus and except pursuant to the Global Offering (including the Over-allotment Option), he or it will not and shall procure that the relevant registered holder(s) will not in the period commencing on the date by reference to which disclosure of his or its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange (the “First Lock-up 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 the securities of our Company in respect of which he or it is shown by this prospectus to be the beneficial owner.

Each of the Controlling Shareholders has further undertaken to the Stock Exchange that save as disclosed in this prospectus, he or it will not and shall procure that the relevant registered holder(s) will not in the period of six months commencing on the date on which the First Lock-up Period expires, dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in the above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a controlling shareholder (as defined under the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has also undertaken to the Stock Exchange and to our Company that within the period commencing on the date by reference to which disclosure of his or its shareholding is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the securities of our Company commence on the Stock Exchange, he or it shall:

- (1) when he or it pledges or charges any securities beneficially owned by him or it in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2), immediately inform our Company in writing of such pledge or charge together with the number of securities so pledged or charged; and



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## UNDERWRITING

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- (2) when he or it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that save in connection with the Global Offering or the Over-allotment Option, no further Shares or securities convertible into equity securities of the Company will be issued by us, or form the subject of any agreement by us to such an issue, within six months from the date on which our Shares first commence dealing on the Stock Exchange (whether or not such issue of Shares or securities will be completed within six months from the Listing Date) except in the circumstances permitted pursuant to Rule 10.08 of the Listing Rules.

### UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

#### Undertaking by our Company

We have undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriter pursuant to the Hong Kong Underwriting Agreement that, except pursuant to the Capitalisation Issue, the Global Offering or grant of options or issue of our Shares upon exercise of such options pursuant to the Share Option Scheme, we will not without the prior written consent of the Sole Global Coordinator and unless in compliance with the requirements of the Listing Rules, at any time during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange (“First Six-month Period”), offer, accept subscription for, pledge, charge, allot, issue, sell, lend, mortgage, assign, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, make any short sale, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, or repurchase, any of our share capital, debt capital or other securities, or any shares or other securities of such other member of the Group, or any interest therein, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of our share capital or other securities, or any of the share capital or other securities of any other member of the Group, or any interest therein, or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distribution; or enter into any of the above transactions with the same economic effect; or agree or contract to, or publicly announce any intention to enter into any of the above transactions, whether any of the foregoing transactions is to be settled by delivery of share capital or such other securities, in cash or otherwise.

#### Undertaking by the Controlling Shareholders

Each of the Controlling Shareholders, pursuant to the Hong Kong Underwriting Agreement, has agreed and undertaken to the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, our Company and the Hong Kong Underwriters that, (except pursuant to the Global Offering), it or he will not, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters),

- (a) at any time during the First Six-Month Period:
- (i) offer, accept subscription for, pledge, mortgage, charge (other than any pledge, mortgage or change of the issued share capital of the Company in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona

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## UNDERWRITING

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vide commercial loan), sell, lend, assign, contract to sell, any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend, make any short sale assign or otherwise transfer or dispose of (nor enter into any agreement to transfer or dispose of or otherwise create any options, rights, interests or encumbrances in respect of), either directly or indirectly, conditionally or unconditionally, cause our Company to repurchase, any of the Shares, share or debt capital or other securities of our Company or any interest therein (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any such Shares, share or debt capital or other securities or any interest therein whether now owned or hereinafter acquired, owned directly by the Controlling Shareholders (including holding as a custodian) or with respect to which the Controlling Shareholders have beneficial ownership (collectively the “Lock-up Securities”), or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distributions; or

- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of ownership of any such Lock Up Securities or any interest therein, or any of the rights attaching to any such share capital, including but not limited to rights as to voting, dividend or distributions; or
- (iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or
- (iv) agree or contract to, or publicly announce any intention to enter into, any transaction described in paragraph (i) or (ii) or (iii) above,

whether any such transaction described above is to be settled by delivery of the Lock-up Securities, in cash or otherwise;

- (b) at any time in the six month period commencing from the expiry of the First Six-month Period (“Second Six-month Period”), it or he will not enter into any of the foregoing transactions in paragraphs (a)(i) or (a)(ii) or (a)(iii) above or agree or contract to or publicly announce any intention to enter into any such transactions if, immediately following such transfer or disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any Controlling Shareholder will cease to be a controlling shareholder (as the term is defined in the Listing Rules) of our Company;
- (c) until the expiry of the Second Six-Month Period, in the event that it or he enters into any such transactions or agrees or contracts to, or publicly announces an intention to enter into any such transactions, it or he will take all reasonable steps to ensure that it or he will not create a disorderly or false market in the securities of our Company; and
- (d) at any time during the First Six-Month Period or the Second Six-Month Period (where applicable), (i) each of the Controlling Shareholders will, when it or he pledges or charges any Shares, share capital or other securities of our Company including but not limited to rights as to voting, dividend or distribution in the securities of our Company, in respect of which it or he is the beneficial owner, immediately inform our Company, the Sole Sponsor, the Sole Global Coordinator and the Joint Bookrunners and, if required under the Listing Rules, the Stock Exchange in writing of such pledge or charge and the number of Shares or other securities of our Company, and the nature of interest, so pledged or charged, and (ii) the Controlling

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## UNDERWRITING

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Shareholders will, when he/it receives any indication, either verbal or written, from any pledgee or chargee of Shares or other securities of our Company that such Shares or other securities of our Company or interests in or rights attaching to the securities of our Company, will be sold, transferred or disposed of, immediately inform us, the Sole Sponsor, the Sole Global Coordinator and the Joint Bookrunners and, if required under the Listing Rules, the Stock Exchange of any such indication.

### **SPONSOR'S AND UNDERWRITERS' INTEREST IN THE COMPANY**

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Underwriters will receive an underwriting commission of 2.75% of the aggregate Offer Price payable for the Offer Shares. Particulars of these commission and expenses are set forth under "Commissions and expenses" above.

Save as disclosed above, none of the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers or the Underwriters is interested legally or beneficially in shares of our Company or any of its subsidiaries or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of its members nor any interest in the Global Offering.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. We intend to initially make available up to 450,000,000 Shares under the Global Offering, of which 405,000,000 Shares will be conditionally placed pursuant to the International Placing to professional, institutional and other investors and the remaining 45,000,000 Shares will be offered to the public in Hong Kong at the Offer Price under the Hong Kong Public Offering (subject, in each case, to reallocation on the basis described below under the paragraph headed “The Hong Kong Public Offering” in this section).

The 450,000,000 Offer Shares initially being offered in the Global Offering will represent approximately 25% of our enlarged total number of issued Shares immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

Investors may apply for the Shares under the Hong Kong Public Offering or apply for or indicate an interest for the Shares under the International Placing, but may not apply under both of these methods for the Offer Shares. In other words, you may only receive Offer Shares under either the Hong Kong Public Offering or the International Placing, but not under both of these methods.

### THE HONG KONG PUBLIC OFFERING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to the Company and the Sole Global Coordinator, on behalf of the Underwriters, agreeing on the Offer Price. The Hong Kong Public Offering and the International Placing are subject to the conditions set forth in the paragraph headed “Conditions of the Global Offering” in this section. The Hong Kong Underwriting Agreement and the International Placing Agreement are expected to be conditional upon each other.

#### Number of Shares initially offered

The Hong Kong Public Offering is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set forth in the Hong Kong Underwriting Agreement and described in the paragraph headed “Conditions of the Global Offering” in this section) for the subscription in Hong Kong of, initially 45,000,000 Shares at the Offer Price (representing approximately 10% of the total number of the Offer Shares).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors.

#### Allocation

Allocation of Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

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## STRUCTURE OF THE GLOBAL OFFERING

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Subject to any adjustment in the number of Offer Shares allocated between the International Placing and the Hong Kong Public Offering, the total number of Shares available under the Hong Kong Public Offering will represent approximately 2.5% of the Company's enlarged total number of issued Shares immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised. It is to be divided equally into two pools for allocation purposes (subject to any adjustment in the number of Offer Shares allocated between the International Placing and the Hong Kong Public Offering): pool A and pool B. The Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for Shares with an aggregate subscription price of HK\$5 million or less (excluding the amounts of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for our Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong 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 Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications within pool A or pool B, and between the two pools, and any application for more than 22,500,000 Hong Kong Offer Shares will be rejected.

### **Reallocation**

The allocation of the Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, or (iii) 100 times or more of the number of Shares initially available under the Hong Kong Public Offering, then Shares will be reallocated to the Hong Kong Public Offering from the International Placing, such that the total number of Shares available under the Hong Kong Public Offering will be increased to 135,000,000 Shares (in the case of (i)), 180,000,000 Shares (in the case of (ii)) and 225,000,000 Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Shares reallocated to the Hong Kong Public Offering will be allocated equally between pool A and pool B and the number of Shares allocated to the International Placing will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may, in its sole discretion, allocate Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

### **Applications**

Each applicant under the Hong Kong Public Offering 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 may be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he or she has been or will be placed or allocated Offer Shares under the International Placing.

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## STRUCTURE OF THE GLOBAL OFFERING

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The listing of the Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$2.48 per Share in addition to any brokerage fee, SFC transaction levy and Stock Exchange trading fee payable on each Share. If the Offer Price, as finally determined in the manner described in the section headed “Pricing of the Global Offering” below, is less than the maximum price of HK\$2.48 per Share, appropriate refund payments (including the brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth below in the section headed “How to apply for Hong Kong Offer Shares” in this prospectus.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Hong Kong Public Offering.

### THE INTERNATIONAL PLACING

The International Placing is expected to be fully underwritten by the International Underwriters on a several basis. The Company expects to enter into the International Placing Agreement relating to the International Placing on the Price Determination Date.

#### Number of Shares offered

Subject to reallocation as described above, the number of Offer Shares to be initially offered under the International Placing will be 405,000,000 Shares, representing approximately 90% of the Offer Shares under the Global Offering.

#### Allocation

Pursuant to the International Placing, 405,000,000 Offer Shares will be conditionally placed on behalf of the Company, by the International Underwriters or through selling agents appointed by them. The International Placing will involve selective marketing of the Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Shares. Allocation of International Placing Shares will be determined by the Sole Global Coordinator, and will be effected in accordance with the “book-building” process described in the paragraph headed “Pricing of the Global Offering” in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further 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 Company’s benefit and that of the Shareholders as a whole.

The Directors, the Sole Global Coordinator (on behalf of the Underwriters) and the Company will take reasonable steps to identify and reject applicants under the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Offer Shares in the Hong Kong Public Offering.

### OVER-ALLOTMENT OPTION AND STOCK BORROWING ARRANGEMENT

In connection with the Global Offering, the Company has granted an Over-allotment Option to the International Underwriters exercisable by the Sole Global Coordinator on behalf of the International Underwriters.



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## STRUCTURE OF THE GLOBAL OFFERING

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Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Placing Agreement up to the 30th day after the last day for lodging of applications under the Hong Kong Public Offering and from time to time, to require the Company to allot and issue up to an aggregate of 67,500,000 additional Offer Shares, representing 15% of the initial Offer Shares, at the same price per Offer Share at which Offer Shares were initially offered under the International Placing, to cover over-allocations in the International Placing, if any, on the same terms and conditions as the Offer Shares that are subject to the Global Offering. The Sole Global Coordinator may, at its option, also cover such over-allocations by purchasing the Offer Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable laws, rules and regulations. If the Sole Global Coordinator exercises the Over-allotment Option in full, the additional Offer Shares will represent approximately 3.61% of the Company's enlarged total number of issued Shares immediately following the completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

In order to facilitate settlement of over-allocations in connection with the International Placing, the Stabilising Manager and Mingyuan Investment entered into the Stock Borrowing Agreement. Under the Stock Borrowing Agreement, Mingyuan Investment has agreed with the Stabilising Manager (or its affiliates), that if requested by the Stabilising Manager (or its affiliates), it will, subject to the terms of the Stock Borrowing Agreement, make available to the Stabilising Manager (or its affiliates) up to an aggregate of 67,500,000 Shares held by it, by way of stock lending, in order to cover over-allocations in connection with the International Placing, if any.

The Stock Borrowing Agreement, in compliance with Rule 10.07(3) of the Listing Rules, provides that:

- such stock borrowing arrangement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;
- the maximum number of Shares to be borrowed from Mingyuan Investment under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option;
- the same number of Shares so borrowed may be returned to Mingyuan Investment or its nominees (as the case may be) not later than the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full; or (iii) such earlier time as may be agreed in writing between the parties;
- borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable listing rules, laws, rules and regulatory requirements; and
- no payment will be made to Mingyuan Investment by the Stabilising Manager in relation to such borrowing arrangement.

## PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the International Placing Shares. Prospective professional, institutional and other investors will be required to specify the number of International Placing Shares they would be prepared to acquire



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## STRUCTURE OF THE GLOBAL OFFERING

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either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to the Price Determination Date. Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, when market demand for the Shares will be determined, which is expected to be on or around 2 March 2016, and in any event on or before 7 March 2016, by agreement between the Sole Global Coordinator, on behalf of the Underwriters, and the Company and the number of Shares to be allocated under various offerings will be determined shortly thereafter. The Offer Price will not be more than HK\$2.48 per Offer Share and is expected to be not less than HK\$1.49 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Global Offering must pay, on application, the maximum price of HK\$2.48 per Offer Share plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee amounting to a total of HK\$5,009.98 for one board lot of 2,000 Shares. If the Offer Price, as finally determined in the manner described below, is lower than HK\$2.48, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus monies) to successful applicants, without interest. Further details are set forth in the section headed “How to apply for Hong Kong Offer Shares” in this prospectus.

The net proceeds of the Global Offering accruing to the Company (after deduction of underwriting fees and estimated expenses payable by the Company in relation to the Global Offering, assuming the Over-allotment Option is not exercised) are estimated to be approximately HK\$1,049.3 million, assuming an Offer Price of HK\$2.48 per Share, or approximately HK\$616.1 million, assuming an Offer Price of HK\$1.49 per Share (or if the Over-allotment Option is exercised in full, approximately HK\$1,212.1 million, assuming an Offer Price of HK\$2.48 per Share, or approximately HK\$713.9 million, assuming an Offer Price of HK\$1.49 per Share).

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Shares available under the Hong Kong Public Offering, are expected to be announced on 7 March 2016 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese).

### **REDUCTION IN THE NUMBER OF OFFER SHARES AND/OR THE INDICATIVE OFFER PRICE RANGE**

The Sole Global Coordinator (on behalf of the Underwriters) may, where considered appropriate and with the consent of our Company, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) notices of the reduction. Upon issue of such notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (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 of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such announcement(s) will also include confirmation or revision, as appropriate, of the working capital statement, the Global Offering statistics and any other financial information in this prospectus which may change as a result of any such reduction. In the absence of any such announcement, the number of Offer Shares will not be reduced and the Offer Price,

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## STRUCTURE OF THE GLOBAL OFFERING

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if agreed upon by our Company and the Sole Global Coordinator (on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus. Applicants under the Hong Kong Public Offering should note that in no circumstances can applications be withdrawn once they are submitted, unless the number of Offer Shares and/or the Offer Price is/are reduced.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering (assuming the Over-allotment Option is not exercised). The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Placing may, in certain circumstances, be reallocated between these offerings at the discretion of the Sole Global Coordinator.

### STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise and, if possible, prevent a decline in the initial public offer prices of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager, as stabilising manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. CCBI has been appointed as the Stabilising Manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the Hong Kong Securities and Futures Ordinance.

Any such stabilising activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilisation including the Securities and Futures (Price Stabilizing) Rules made under the Hong Kong Securities and Futures Ordinance. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilisation activity is required to be brought to an end within 30 days from the last date for lodging application under the Hong Kong Public Offering which is expected to be on or around 1 April 2016. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 67,500,000 Shares, which is 15% of the Shares initially available under the Global Offering.

Following any over-allotment of Shares in connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period to cover such over-allotment.

The possible stabilising action which may be taken by the Stabilising Manager, its affiliates or any person acting for it in connection with the Global Offering may involve (among other things) (i) purchases of Shares, (ii) establishing, hedging and liquidating positions in Shares, (iii) exercising the Over-allotment Option in whole or in part, (iv) stock borrowing and/or (v) offering or attempting to do any of (i), (ii), (iii) or (iv) above.

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## STRUCTURE OF THE GLOBAL OFFERING

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Specifically, prospective applicants for and investors in Offer Shares should note that:

- the Stabilising Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;
- there is no certainty regarding the extent to which and the time period for which the Stabilising Manager, its affiliates or any person acting for it will maintain such a position;
- liquidation of any such long position by the Stabilising Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;
- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the date expected to be the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of any security (including the Shares) cannot be assured to stay at or above its Offer Price by the taking of any stabilising action; and
- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

### OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager, its affiliates or any person acting for it may cover such over-allocation by (among other methods) using Shares purchased by the Stabilising Manager, its affiliates or any person acting for it in the secondary market or exercising the Over-allotment Option in full or in part. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong, including those in relation to stabilisation and the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO. The number of Shares which can be over-allocated will not exceed 67,500,000 Shares, being the number of Shares which may be issued and allotted by our Company upon full exercise of the Over-allotment Option and representing 15% of the Offer Shares initially available under the Global Offering.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares being offered pursuant to the Global Offering (including the additional Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment), and such listing and permission not having been revoked prior to the commencement of dealings in Shares on the Stock Exchange;
- (ii) the Offer Price having been duly determined and the execution and delivery of the International Placing Agreement on or around the Price Determination Date;

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## STRUCTURE OF THE GLOBAL OFFERING

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- (iii) the execution and delivery of the Underwriting Agreements in accordance with their respective terms; and
- (iv) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator, on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements;

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

**If, for any reason, the Offer Price is not agreed between the Company and the Sole Global Coordinator (on behalf of the Underwriters) by 7 March 2016, the Global Offering will lapse.**

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Hong Kong Public Offering in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and our Company ([www.jiayuanintl.com](http://www.jiayuanintl.com)) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set forth in the section headed “How to apply for Hong Kong Offer Shares” in this prospectus. In the meantime, all application monies will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

We expect to issue share certificates for the Offer Shares on 7 March 2016. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on 8 March 2016 provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — Hong Kong Public Offering — Grounds for termination” in this prospectus has not been exercised.

### 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 to be issued pursuant to the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Shares to be issued upon the exercise of options that may be granted under the Share Option Scheme.

No part of the share capital of our Company is listed on or dealt in any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

### DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 8 March 2016, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, 8 March 2016.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 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 **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for the 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 (except qualified domestic institutional investors).

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the name(s) of individual members. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks 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 **HK eIPO White Form** service for the Hong Kong Offer Shares.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a Director or chief executive officer of our Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a WHITE Application Form or apply online through **HK eIPO White Form** service ([www.hkeipo.hk](http://www.hkeipo.hk)).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a YELLOW Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to collect the Application Forms

You can collect a WHITE Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 26 February 2016 until 12:00 noon on Wednesday, 2 March 2016 from:

- (a) any of the following addresses of the Hong Kong Underwriters:

<b>Name</b>	<b>Address</b>
CCB International Capital Limited	12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
Haitong International Securities Company Limited	22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
BOSC International Company Limited	34/F Citibank Tower 3 Garden Road Central Hong Kong

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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(b) any of the branches of the following receiving banks:

**Wing Lung Bank Limited:**

	<b>Branch Name</b>	<b>Address</b>
<b>Hong Kong Island</b>	Kennedy Town Branch	28 Catchick Street
	Aberdeen Branch	201 Aberdeen Main Road
<b>Kowloon</b>	Sham Shui Po Branch	111 Tai Po Road
<b>New Territories</b>	Shatin Plaza Branch	Shop 2, Level 1 Shatin Plaza 21–27 Sha Tin Centre Street
	Yuen Long Branch	37 On Ning Road
	Sheung Shui Branch	128 San Fung Avenue

**Bank of Communications Co., Ltd. Hong Kong Branch:**

	<b>Branch Name</b>	<b>Address</b>
<b>Hong Kong Island</b>	Hong Kong Branch	20 Pedder Street, Central
	King's Road Sub-Branch	G/F., Kailey Court, 67–71 King's Road
<b>Kowloon</b>	Tsim Sha Tsui Sub-Branch	Shop Nos. 1–3 on G/F., CFC Tower, 22–28 Mody Road, Tsim Sha Tsui
	Wong Tai Sin Sub-Branch	Shop N118, 1/F, Temple Mall North, 136 Lung Cheung Road, Wong Tai Sin
<b>New Territories</b>	Tiu Keng Leng Sub-Branch	Shops Nos. L2–064 and L2–065, Level 2, Metro Town, Tiu Keng Leng



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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You can collect a YELLOW Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 26 February 2016 until 12:00 noon on Wednesday, 2 March 2016 from the Depository Counter of HKSCC at 1/F One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

### Time for Lodging Application Forms

Your completed WHITE or YELLOW Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Wing Lung Bank (Nominees) Limited — Jiayuan International 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:

<b>Friday, 26 February 2016</b>	<b>— 9:00 a.m. to 5:00 p.m.</b>
<b>Saturday, 27 February 2016</b>	<b>— 9:00 a.m. to 1:00 p.m.</b>
<b>Monday, 29 February 2016</b>	<b>— 9:00 a.m. to 5:00 p.m.</b>
<b>Tuesday, 1 March 2016</b>	<b>— 9:00 a.m. to 5:00 p.m.</b>
<b>Wednesday, 2 March 2016</b>	<b>— 9:00 a.m. to 12:00 noon</b>

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 2 March 2016, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, 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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (vi) agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (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 and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a WHITE or YELLOW Application Form or by giving electronic application instructions to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a WHITE or YELLOW Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

### **Additional Instructions for Yellow Application Form**

You may refer to the YELLOW Application Form for details.

## **5. APPLYING THROUGH HK eIPO WHITE FORM**

### **General**

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form** service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form** service.

### **Time for Submitting Applications under the HK eIPO White Form service**

You may submit your application to the **HK eIPO White Form** Service Provider at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 26 February 2016 until 11:30 a.m. on Wednesday, 2 March 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 2 March 2016 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

### **No Multiple Applications**

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **HK eIPO White Form** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **HK eIPO White Form** more than once and obtaining payment 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 **HK eIPO White Form** service or by any other means, all of your applications are liable to be rejected.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### **Section 40 of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

### **6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS**

#### **General**

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

**Hong Kong Securities Clearing Company Limited**  
Customer Service Center  
1/F, One & Two Exchange Square,  
8 Connaught Place,  
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to 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;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- (ii) HKSCC Nominees will do the following things on your behalf:
- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;
  - (if the electronic application instructions are given for your benefit) declare that only one set of electronic application instructions has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;
  - confirm that you understand that 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;
  - authorise the Company to place HKSCC Nominee's 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 Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
  - agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
  - agree (without prejudice to any other rights which you may have) that once HKSCC Nominee's application has been accepted, it cannot be rescinded for innocent misrepresentation;

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- 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 Nominee's application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;
- 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 Ordinance, 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 authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the WHITE Application Form and in this prospectus.

### **Minimum Purchase Amount and Permitted Numbers**

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### **Time for Inputting Electronic Application Instructions**

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

<b>Friday, 26 February 2016</b>	<b>— 9:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Saturday, 27 February 2016</b>	<b>— 8:00 a.m. to 1:00 p.m.<sup>(1)</sup></b>
<b>Monday, 29 February 2016</b>	<b>— 8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Tuesday, 1 March 2016</b>	<b>— 8:00 a.m. to 8:30 p.m.<sup>(1)</sup></b>
<b>Wednesday, 2 March 2016</b>	<b>— 8:00 a.m.<sup>(1)</sup> to 12:00 noon</b>

*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 Friday, 26 February 2016 until 12:00 noon on Wednesday, 2 March 2016 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Wednesday, 2 March 2016, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic



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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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application instructions is a person who may be entitled to compensation under Section 40 of the Hong Kong 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 advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

### **7. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form** service is also only a facility provided by the HK eIPO White Form Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit a WHITE or YELLOW Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Wednesday, 2 March 2016.

### **8. HOW MANY APPLICATIONS CAN YOU MAKE**

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a WHITE or YELLOW Application Form or by giving electronic application instructions to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The WHITE and YELLOW Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a WHITE or YELLOW Application Form or through the **HK eIPO White Form** service in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing of the Global Offering” in this prospectus.

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 2 March 2016. 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 Wednesday, 2 March 2016 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected timetable” in this prospectus, an announcement will be made in such event.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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### 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 Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, 7 March 2016 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at [www.jiayuanintl.com](http://www.jiayuanintl.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at [www.jiayuanintl.com](http://www.jiayuanintl.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Monday, 7 March 2016;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Monday, 7 March 2016 to 12:00 midnight on Sunday, 13 March 2016;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 7 March 2016 to Thursday, 10 March 2016 (excluding Saturday, Sunday and Public Holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 7 March 2016 to Wednesday, 9 March 2016 at the designated branches and sub-branches of the receiving banks.

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" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED 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 through the **HK eIPO White Form** service, 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.

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If the Company or its agents exercise their discretion to reject your application:**

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(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 **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

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## HOW TO APPLY FOR HONG KONG OFFER SHARES

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- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$2.48 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with “Structure of the Global Offering — Conditions of the Global Offering” in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker’s cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 7 March 2016.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on YELLOW Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for YELLOW Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

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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 Monday, 7 March 2016. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or bankers' cashiers' order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 8 March 2016 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" 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 Hong Kong Offer Shares or more and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 7 March 2016 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 authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, 7 March 2016, by ordinary post and at your own risk.

#### ***(ii) If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 7 March 2016, by ordinary post and at your risk.

If you apply by using a YELLOW Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 7 March 2016, 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.

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- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 7 March 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

***(iii) If you apply through the HK eIPO White Form service***

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 7 March 2016, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk. If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 7 March 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

***(iv) If you apply via Electronic Application Instructions to HKSCC***

*Allocation of Hong Kong Offer Shares*

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 7 March 2016, 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



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number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in “Publication of Results” above on Monday, 7 March 2016. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 7 March 2016 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 Monday, 7 March 2016. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 7 March 2016.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

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

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

# Deloitte.

## 德勤

26 February 2016

The Directors  
Jiayuan International Group Limited

CCB International Capital Limited

Dear Sirs,

We set out below our report on the financial information (the “Financial Information”) regarding Jiayuan International Group Limited and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the three years ended 31 December 2014 and the eight months ended 31 August 2015 (the “Relevant Periods”) for inclusion in the prospectus of the Company in connection with the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited dated 26 February 2016 (the “Prospectus”) (the “Listing”).

The Company was incorporated on 5 May 2015 and registered in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a corporate reorganisation, as described more fully in the section headed “History, Reorganisation and Group Structure” in the Prospectus (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 18 August 2015.

The Company and all subsidiaries have adopted 31 December as their financial year end date except for Guo Xiang (defined below) which changed the financial year end date from 30 June to 31 December during the financial year ended 31 December 2014. At the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				At date of the report	Issued and fully paid share capital/ registered capital	Place of operations	Principal activities
		31 December		31 August					
		2012	2013	2014	2015				
Jiayuan Investment Management Limited 佳源投資管理有限公司 (“Jiayuan Investment”)	British Virgin Islands (“BVI”) 8 May 2015	—	—	—	100%	100%	US\$1	Hong Kong	Investment holding
Jiayuan Commercial Properties Limited 佳源商業地產有限公司 (“Jiayuan Commercial Properties”)	BVI 10 November 2015	—	—	—	—	100%	US\$1	Hong Kong	Investment holding
Hong Kong Jia Yuan Holdings Limited 香港佳源集團有限公司 (“Hong Kong Jia Yuan”)	Hong Kong 29 April 2008	99%	99%	100%	100%	100%	HK\$990,000	Hong Kong	Investment and property holding

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at				At date of the report	Issued and fully paid share capital/ registered capital	Place of operations	Principal activities
		31 December		2014	31 August 2015				
		2012	2013						
Hong Kong Jiayuan Commercial Properties Limited 香港佳源商業地產有限公司 ("Jiayuan Commercial Properties (HK)")	Hong Kong 30 November 2015	—	—	—	—	100%	HK\$10,000	Hong Kong	Investment holding
Guo Xiang Property Co., Limited 國祥房地產有限公司 ("Guo Xiang")	Hong Kong 1 August 2003	— (note 2)	99%	100%	100%	100%	HK\$10,000	Hong Kong	Investment holding
Nanjing Xinhaoning Property Development Co., Limited 南京新浩寧房地產開發有限公司 ("Nanjing Xinhaoning")	The People's Republic of China ("PRC") 11 August 2005	— (note 2)	99%	100%	100%	100%	US\$99,000,000	PRC	Property development
Nanjing Gangyuan Investment Consulting Co., Limited 南京港源投資諮詢有限公司 ("Nanjing Gangyuan")	PRC 27 May 2015	—	—	—	100%	100%	RMB1,000,000	PRC	Investment holding
Nanjing Jia Feng Investment Management Co., Limited 南京嘉豐投資管理有限公司 ("Nanjing Jia Feng")	PRC 27 December 2011	— (note 3)	100%	100%	100%	100%	RMB5,000,000	PRC	Investment holding
Changzhou Jinyuan Property Development Co., Limited 常州金源房地產開發有限公司 ("Changzhou Jinyuan")	PRC 7 August 2013	—	80%	80%	100%	100%	RMB70,500,000	PRC	Property development
Suqian Jia Yuan Property Development Co., Limited 宿遷市佳源房地產開發有限公司 ("Suqian Jia Yuan")	PRC 7 August 2009	90%	90%	90%	90%	90%	RMB60,000,000	PRC	Property development
Siyang Fengyuan Property Development Co., Limited 泗陽豐源房地產開發有限公司 ("Siyang Fengyuan")	PRC 6 March 2012	94%	94%	94%	100%	100%	RMB50,000,000	PRC	Property development and investment
Taixing Guangyuan Property Development Co., Limited 泰興市廣源房地產開發有限公司 ("Taixing Guangyuan")	PRC 17 November 2009	100%	100%	100%	100%	100%	RMB300,000,000	PRC	Property development and investment
Taixing Hengyuan Property Development Co., Limited 泰興市恒源房地產開發有限公司 ("Taixing Hengyuan")	PRC 16 February 2012	100%	100%	100%	100%	100%	RMB26,670,000	PRC	Property development and investment

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at					At date of the report	Issued and fully paid share capital/ registered capital	Place of operations	Principal activities
		31 December		2014	31 August 2015	2015				
		2012	2013							
Taixing Mingyuan Property Development Co., Limited 泰興市明源房地產開發有限公司 ("Taixing Mingyuan")	PRC 25 October 2013	—	100%	100%	100%	100%	USD10,000,000	PRC	Property development	
Taizhou Jia Yuan Property Development Co., Limited 泰州市佳源房地產開發有限公司 ("Taizhou Jia Yuan")	PRC 31 July 2007	100%	100%	100%	100%	100%	RMB140,000,000	PRC	Property development and investment	
Taizhou Mingyuan Property Development Co., Limited 泰州市明源房地產開發有限公司 ("Taizhou Mingyuan")	PRC 10 March 2010	100%	100%	100%	100%	100%	RMB60,000,000	PRC	Property development and investment	
Yangzhou Guangyuan Property Development Co., Limited 揚州廣源房地產開發有限公司 ("Yangzhou Guangyuan")	PRC 20 June 2003	100%	100%	100%	100%	100%	USD22,560,000	PRC	Property development and investment	
Yangzhou Hengyuan Property Development Co., Limited 揚州市恒源房地產開發有限公司 ("Yangzhou Hengyuan")	PRC 1 August 2007	100%	100%	100%	100%	100%	RMB40,000,000	PRC	Property development and investment	
Yangzhou Mingyuan Property Development Co., Limited 揚州明源房地產開發有限公司 ("Yangzhou Mingyuan")	PRC 16 January 2008	100%	100%	100%	100%	100%	RMB10,000,000	PRC	Property development and investment	
Jiaxing Jinyuan Information Consulting Co., Limited 嘉興市金源信息諮詢有限公司 ("Jiaxing Jinyuan")	PRC 2 April 2010	99%	99%	100%	— (note 7)	—	US\$4,000,000	PRC	Property investment	
Jin Jiang Investment Limited 錦江投資管理有限公司 ("Jin Jiang")	Hong Kong 8 November 2013	—	99%	100%	— (note 5)	—	HK\$10,000	Hong Kong	Investment holding	
Tongxiang Yuanshun Venice Hotel Co., Limited 桐鄉元順威尼斯大酒店有限公司 ("Tongxiang Yuanshun")	PRC 17 December 2009	—	—	90%	— (note 4) (note 5)	—	US\$5,560,000	PRC	Hotel operation	
Haining Jia Yuan Property Development Co., Limited 海寧市佳源房地產開發有限公司 ("Haining Jia Yuan")	PRC 21 November 2012	81%	81%	81%	— (note 6)	—	RMB281,000,000	PRC	Property development	

Name of subsidiary	Place and date of incorporation/ establishment	Equity interest attributable to the Group at					Issued and fully paid share capital/ registered capital	Place of operations	Principal activities
		31 December		31 August		At date of the report			
		2012	2013	2014	2015				
Haining Jia Yuan Hongxiang Property Development Co., Limited 海寧市佳源鴻翔房地產開發 有限公司 ("Haining Hongxiang")	PRC 30 May 2013	—	64.8%	64.8%	—	—	RMB51,000,000	PRC	Property development
Jiaxing Jindi Property Development Co., Limited 嘉興市金地房地產置業 有限公司 ("Jiaxing Jindi")	PRC 3 August 2001	60%	60%	60%	—	—	RMB240,000,000	PRC	Property development
Fundland Development Limited 銀田發展有限公司 ("Fundland Development")	Hong Kong 3 August 2009	79.2%	79.2%	80%	—	—	HK\$10,000	Hong Kong	Investment holding
Chengdu Fundland Sports Development Co., Limited 成都銀田體育發展有限公司 ("Chengdu Fundland")	PRC 12 November 2009	79.2%	79.2%	80%	—	—	US\$3,000,000	PRC	Property development

## Notes:

- 1 The English name for all of the above subsidiaries established in the PRC is translated for identification purpose only.
- 2 The subsidiaries were acquired on 29 August 2013.
- 3 The subsidiary was acquired on 17 September 2013.
- 4 The subsidiary was acquired on 19 March 2014.
- 5 The subsidiaries were disposed of on 18 April 2015.
- 6 The subsidiaries were disposed of on 29 May 2015.
- 7 The subsidiary was disposed of on 2 June 2015.

Except for Jiayuan Investment and Jiayuan Commercial Properties which are directly held by the Company, all other subsidiaries are held by the Company indirectly.

No audited statutory financial statements have been prepared for the Company, Jiayuan Investment and Jiayuan Commercial Properties since their respective dates of incorporation as there are no statutory audit requirement in the jurisdiction where they were incorporated. No audited statutory financial statements of Jiaxing Jindi for the year ended 31 December 2014 have been prepared as it is not required to issue audited financial statements under the statutory requirement.

No audited financial statements have been prepared for Nanjing Jia Feng since the date of establishment and Tongxiang Yuanshun since the date of acquisition as they have not carried out any business.

We have acted as statutory auditor of Hong Kong Jia Yuan and Guo Xiang for the year ended 31 December 2014 and 18 months ended 31 December 2014 respectively. The statutory financial statements of Guo Xiang are prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA. The audited financial statements of Hong Kong Jia Yuan have not yet been issued.

The statutory financial statements of the following subsidiaries established or incorporated in the PRC or Hong Kong were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC or HKFRS issued by the HKICPA, as appropriate. They were audited by the following certified public accountants registered in the PRC and Hong Kong for the Relevant Periods, as appropriate as follows:

<b>Name of subsidiary</b>	<b>Financial year</b>	<b>Name of Auditor</b>
Hong Kong Jia Yuan	For each of the two years ended 31 December 2013	Zhonghui Anda CPA Limited
Guo Xiang	For each of the two years ended 30 June 2013	KPMG
Nanjing Xinhaoning	For the year ended 31 December 2013 For the year ended 31 December 2014	揚州立信會計師事務所有限公司 南通陽光會計師事務所有限公司
Yangzhou Mingyuan	For each of the three years ended 31 December 2014	揚州立信會計師事務所有限公司
Yangzhou Hengyuan	For each of the three years ended 31 December 2014	泰州嘉和會計師事務所有限公司
Taizhou Jia Yuan	For each of the three years ended 31 December 2014	泰州市明瑞會計師事務所有限公司
Taizhou Mingyuan	For each of the three years ended 31 December 2014	泰州市明瑞會計師事務所有限公司
Yangzhou Guangyuan	For each of the three years ended 31 December 2014	揚州立信會計師事務所有限公司
Suqian Jia Yuan	For each of the two years ended 31 December 2013 For the year ended 31 December 2014	宿遷公興會計師事務所有限公司 淮安禧聯華會計師事務所有限公司
Taixing Hengyuan	For the period from 16 February 2012 (date of establishment) to 31 December 2012 For each of the two years ended 31 December 2014	江蘇中鴻永信會計師事務所有限公司 泰州嘉和會計師事務所有限公司

Name of subsidiary	Financial year	Name of Auditor
Taixing Mingyuan	For the period from 25 October 2013 (date of establishment) to 31 December 2013 For the year ended 31 December 2014	泰州嘉和會計師事務所有限公司  泰州嘉和會計師事務所有限公司
Changzhou Jinyuan	For the period from 7 August 2013 (date of establishment) to 31 December 2013 For the year ended 31 December 2014	常州正則人和會計師事務所有限公司  常州金正興業會計師事務所
Siyang Fengyuan	For the period from 6 March 2012 (date of establishment) to 31 December 2012 For each of the two years ended 31 December 2014	淮安禧聯華會計師事務所有限公司  淮安禧聯華會計師事務所有限公司
Taixing Guangyuan	For each of the three years ended 31 December 2014	泰州嘉和會計師事務所有限公司
Jiaxing Jinyuan	For each of the three years ended 31 December 2014	浙江新聯會計師事務所有限公司
Jin Jiang	For the period from 8 November 2013 (date of incorporation) to 31 December 2014	Zhonghui Anda CPA Limited
Haining Jia Yuan	For the period from 21 November 2012 (date of establishment) to 31 December 2012 For the year ended 31 December 2013 For the year ended 31 December 2014	浙江凱達信會計師事務所 有限公司  浙江凱達信會計師事務所 有限公司 求真會計師事務所有限公司
Haining Hongxiang	For the period from 30 May 2013 (date of establishment) to 31 December 2013 For the year ended 31 December 2014	浙江凱達信會計師事務所 有限公司  浙江凱達信會計師事務所 有限公司
Jiaxing Jindi	For each of the two years ended 31 December 2013	嘉興天越會計師事務所
Fundland Development	For each of the two years ended 31 December 2013 For the year ended 31 December 2014	Chan, Li, Law CPA Limited  Zhonghui Anda CPA Limited
Chengdu Fundland	For each of the three years ended 31 December 2014	四川華誠會計師事務所有限公司



For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with the accounting policies which conform with HKFRS issued by the HKICPA (the "Underlying Financial Statements"). We have undertaken an independent audit on the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the HKICPA.

We have examined the Underlying Financial Statements for the Relevant Periods in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements on the basis of presentation set out in note 1 of Section A below. No adjustments were deemed necessary to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the directors of the Company who approved their issue. The directors of the Company are also responsible for the contents of the Prospectus in which this report is included. It is our responsibilities to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, on the basis of presentation set out in note 1 of Section A below, the Financial Information gives, for the purpose of this report, a true and fair view of the financial position of the Group at 31 December 2012, 2013 and 2014 and 31 August 2015 and of the Company at 31 August 2015 and of the financial performance and consolidated cash flows of the Group for the Relevant Periods.

The corresponding consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group for the eight months ended 31 August 2014 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "August 2014 Financial Information") which was prepared by the directors of the Company solely for the purpose of this report. We conducted our review of the August 2014 Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the August 2014 Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the August 2014 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the August 2014 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information, which conform with the HKFRS.

## A. FINANCIAL INFORMATION

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December			Period ended 31 August	
		2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000 (Unaudited)	2015 RMB'000
<b>Continuing operations</b>						
Revenue	8	2,094,856	2,544,619	2,318,266	1,243,345	991,005
Cost of sales		(1,796,679)	(2,042,775)	(1,886,302)	(1,090,271)	(750,585)
Gross profit		298,177	501,844	431,964	153,074	240,420
Other income	9	1,668	2,566	1,670	831	1,959
Other gains and losses	9	3,978	8,487	(17,905)	(10,579)	(23,372)
Change in fair value of investment properties		6,039	126,426	97,113	89,086	162,574
Change in fair value upon transfer from inventory properties to investment properties		17,873	2,299	81,127	4,784	101,338
Distribution and selling expenses		(19,764)	(26,173)	(62,888)	(19,976)	(79,932)
Administrative expenses		(51,712)	(61,850)	(66,335)	(37,815)	(40,641)
Other expenses		(3,583)	(35,659)	(49,595)	(35,210)	(23,127)
Finance costs	10	(262)	(9,657)	(38,291)	(25,866)	(29,251)
Profit before taxation		252,414	508,283	376,860	118,329	309,968
Income tax expense	11	(116,521)	(196,602)	(184,132)	(65,898)	(127,086)
Profit for the year/period	12	135,893	311,681	192,728	52,431	182,882
<b>Discontinued operations</b>						
Profit (loss) for the year/period from discontinued operations	31	52,903	(67,969)	(29,743)	(8,606)	(23,345)
Profit and total comprehensive income for the year/period		<u>188,796</u>	<u>243,712</u>	<u>162,985</u>	<u>43,825</u>	<u>159,537</u>
Profit (loss) and total comprehensive income (expense) for the year/period attributable to:						
Owners of the Company						
— from continuing operations		132,325	296,575	192,493	52,241	177,921
— from discontinued operations		42,821	(36,823)	(21,538)	(4,376)	(17,826)
		<u>175,146</u>	<u>259,752</u>	<u>170,955</u>	<u>47,865</u>	<u>160,095</u>
Non-controlling interests						
— from continuing operations		3,568	15,106	235	190	4,961
— from discontinued operations		10,082	(31,146)	(8,205)	(4,230)	(5,519)
		<u>13,650</u>	<u>(16,040)</u>	<u>(7,970)</u>	<u>(4,040)</u>	<u>(558)</u>
<b>Earnings per share — Basic</b>						
From continuing and discontinued operations (RMB cents)	15	<u>16.21</u>	<u>22.75</u>	<u>12.18</u>	<u>3.46</u>	<u>11.86</u>
From continuing operations (RMB cents)	15	<u>12.25</u>	<u>25.97</u>	<u>13.72</u>	<u>3.78</u>	<u>13.18</u>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December			At
	NOTES	2012	2013	2014	31 August
		RMB'000	RMB'000	RMB'000	2015
					RMB'000
<b>NON-CURRENT ASSETS</b>					
Investment properties	16	428,536	760,210	1,272,685	1,366,764
Property and equipment	17	11,960	13,353	125,196	83,310
Interests in associates	19	221,478	226,262	193,283	—
Prepayment and deposit paid for a life insurance policy	20	—	—	—	9,584
Amount due from a related company	39	321,000	364,900	—	—
Deposits and prepayments	24	—	13,714	—	23,000
Deferred tax assets	21	79,963	101,197	154,896	145,563
		<u>1,062,937</u>	<u>1,479,636</u>	<u>1,746,060</u>	<u>1,628,221</u>
<b>CURRENT ASSETS</b>					
Inventories of properties	22				
— held for sale		325,908	850,663	889,457	780,829
— under development		5,146,592	7,957,981	8,149,453	7,192,966
Amounts due from customers for contract work	23	—	282,138	740,659	184,614
Trade and other receivables, deposits and prepayments	24	378,785	607,675	565,854	1,021,043
Prepaid income tax		80,738	75,657	72,560	75,646
Amounts due from related parties	39	745,373	51,094	388,994	1,568,980
Financial assets at fair value through profit or loss	25	8,990	4,690	4,000	—
Restricted/pledged bank deposits	26	42,600	50,263	75,801	166,451
Bank balances and cash	26	82,090	156,840	30,315	49,707
		<u>6,811,076</u>	<u>10,037,001</u>	<u>10,917,093</u>	<u>11,040,236</u>
<b>CURRENT LIABILITIES</b>					
Trade and other payables and accrued expenses	27	1,155,917	1,250,192	1,463,581	1,033,345
Amounts due to customers for contract work	23	52,011	—	—	—
Pre-sale deposits received		3,013,801	2,526,827	3,117,796	4,102,428
Tax payable		64,623	163,961	257,414	244,612
Amounts due to related parties	39	201,998	1,294,663	671,346	235,447
Bank and other borrowings					
— due within one year	28	640,793	2,480,559	2,836,246	2,493,543
		<u>5,129,143</u>	<u>7,716,202</u>	<u>8,346,383</u>	<u>8,109,375</u>
<b>NET CURRENT ASSETS</b>		<u>1,681,933</u>	<u>2,320,799</u>	<u>2,570,710</u>	<u>2,930,861</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,744,870</u>	<u>3,800,435</u>	<u>4,316,770</u>	<u>4,559,082</u>

		At 31 December			At
	NOTES	2012	2013	2014	31 August
		RMB'000	RMB'000	RMB'000	2015
					RMB'000
CAPITAL AND RESERVES					
Paid-in/share capital	29	568,669	685,872	705,872	—
Reserves		<u>473,911</u>	<u>711,663</u>	<u>882,618</u>	<u>1,239,556</u>
Equity attributable to owners of the Company		1,042,580	1,397,535	1,588,490	1,239,556
Non-controlling interests		<u>109,878</u>	<u>138,271</u>	<u>213,840</u>	<u>12,168</u>
TOTAL EQUITY		<u>1,152,458</u>	<u>1,535,806</u>	<u>1,802,330</u>	<u>1,251,724</u>
NON-CURRENT LIABILITIES					
Bank and other borrowings					
— due after one year	28	1,344,000	1,860,000	2,007,900	2,774,400
Deferred income	27	223,075	346,949	404,210	365,156
Deferred tax liabilities	21	<u>25,337</u>	<u>57,680</u>	<u>102,330</u>	<u>167,802</u>
		<u>1,592,412</u>	<u>2,264,629</u>	<u>2,514,440</u>	<u>3,307,358</u>
		<u>2,744,870</u>	<u>3,800,435</u>	<u>4,316,770</u>	<u>4,559,082</u>

## COMPANY STATEMENT OF FINANCIAL POSITION

	<i>NOTES</i>	<b>At 31 August 2015 RMB'000</b>
NON-CURRENT ASSET		
Investment in a subsidiary	18	<u>—</u>
CURRENT LIABILITIES		
Other payables and accrued expenses	27	6,161
Amount due to a subsidiary	39	<u>5,938</u>
		<u>12,099</u>
NET CURRENT LIABILITIES		<u>(12,099)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(12,099)</u>
CAPITAL AND RESERVES		
Share capital	29	—
Accumulated losses		<u>(12,099)</u>
CAPITAL DEFICIENCY		<u>(12,099)</u>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						Total equity RMB'000
	Paid-in/ share capital RMB'000	Other reserve RMB'000	Statutory surplus reserve RMB'000 (Note v)	Retained earnings RMB'000	Total RMB'000	Non- controlling interests RMB'000	
At 1 January 2012	548,669	—	—	298,765	847,434	88,228	935,662
Profit and total comprehensive income for the year	—	—	—	175,146	175,146	13,650	188,796
Capital contribution by equity holders of subsidiaries	20,000	—	—	—	20,000	8,000	28,000
At 31 December 2012	568,669	—	—	473,911	1,042,580	109,878	1,152,458
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	259,752	259,752	(16,040)	243,712
Transfer to reserve	—	—	4,472	(4,472)	—	—	—
Dividend distributions (Note 14)	—	—	—	(22,000)	(22,000)	—	(22,000)
Capital contribution by equity holders of subsidiaries	117,203	—	—	—	117,203	44,433	161,636
At 31 December 2013	685,872	—	4,472	707,191	1,397,535	138,271	1,535,806
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	170,955	170,955	(7,970)	162,985
Acquisition of a subsidiary	—	—	—	—	—	3,539	3,539
Capital contribution by equity holders of subsidiaries	90,000	—	—	—	90,000	—	90,000
Capitalisation of amount due to non-controlling interests	—	—	—	—	—	80,000	80,000
Capital reduction by equity holders of subsidiaries	(70,000)	—	—	—	(70,000)	—	(70,000)
At 31 December 2014	705,872	—	4,472	878,146	1,588,490	213,840	1,802,330
Profit (loss) and total comprehensive income (expense) for the period	—	—	—	160,095	160,095	(558)	159,537
Arising from the Reorganisation	(705,872)	705,872	—	—	—	—	—
Cash paid out upon Reorganisation (Note i)	—	(696,453)	—	—	(696,453)	—	(696,453)
Acquisition of additional interests in subsidiaries from non-controlling interests upon Reorganisation (Note iii)	—	15,619	—	—	15,619	(29,719)	(14,100)
Transfer to reserve	—	—	25,241	(25,241)	—	—	—
Disposal of subsidiaries and associates upon Reorganisation (Note ii)	—	89,116	—	—	89,116	(171,395)	(82,279)
Capitalisation (Note iv)	—	82,689	—	—	82,689	—	82,689
At 31 August 2015	—	196,843	29,713	1,013,000	1,239,556	12,168	1,251,724
(Unaudited)							
At 1 January 2014	685,872	—	4,472	707,191	1,397,535	138,271	1,535,806
Profit (loss) and total comprehensive income (expense) for the period	—	—	—	47,865	47,865	(4,040)	43,825
Acquisition of a subsidiary	—	—	—	—	—	3,539	3,539
Capitalisation of amount due to non-controlling interests	—	—	—	—	—	80,000	80,000
Capital contribution by equity holders of subsidiaries	90,000	—	—	—	90,000	—	90,000
At 31 August 2014	775,872	—	4,472	755,056	1,535,400	217,770	1,753,170

*Notes:*

- (i) During the eight months ended 31 August 2015, as part of the Reorganisation, Hong Kong Jia Yuan and Nanjing Gangyuan acquired the entire 100% equity interests in Taizhou Jia Yuan, Taizhou Mingyuan, Taixing Guangyuan, Taixing Hengyuan, Taixing Mingyuan, Siyang Fengyuan, Yangzhou Guangyuan, Yangzhou Hengyuan, Yangzhou Mingyuan, 80% equity interests in Changzhou Jinyuan and 90% equity interests in Suqian Jia Yuan from entities controlled by the Ultimate Shareholder (as defined in note 1 to the Financial Information) at a cash consideration of RMB696,453,000 in aggregate.
- (ii) During the eight months ended 31 August 2015, as part of the Reorganisation, the Group disposed of a number of subsidiaries including its entire equity interest in Jin Jiang, 80% equity interest in Fundland Development, 90% equity interest in Haining Jia Yuan, 60% equity interest in Jiaxing Jindi and entire equity interest in Jiaxing Jinyuan as detailed in note 32. In addition, the Group disposed of its equity interests in associates as detailed in note 19. The net gain on disposal of these subsidiaries and associates amounting to RMB89,116,000 was recognised as a deemed contribution from equity holder directly in equity.
- (iii) On 24 June 2015, Hong Kong Jia Yuan acquired 20% equity interest of Changzhou Jinyuan held by non-controlling interests for a cash consideration of RMB14,100,000. On the other hand, on 11 June 2015, Nanjing Gangyuan acquired the entire equity interest of Siyang Fengyuan held by Suqian Jia Yuan to which 10% equity interest was held by non-controlling interests. The difference between the consideration paid and the aggregate equity interests of the non-controlling interests at the date of acquisition of additional interests in Changzhou Jinyuan and Siyang Fengyuan amounting to RMB15,619,000 was recognised in the reserve.
- (iv) During the eight months ended 31 August 2015, the Ultimate Shareholder waived an amount of RMB82,689,000 due to him. The amount was considered as deemed contribution and was recognised in the reserve.
- (v) In accordance with the Articles of Association of all subsidiaries established in the PRC, those subsidiaries are required to transfer 10% of the profit after taxation to the statutory surplus reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory surplus reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.



## CONSOLIDATED STATEMENTS OF CASH FLOWS

NOTES	Year ended 31 December			Period ended 31 August	
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000 (Unaudited)	2015 RMB'000
<b>OPERATING ACTIVITIES</b>					
Profit for the year/period from continuing operations and discontinued operations	188,796	243,712	162,985	43,825	159,537
Adjustments for:					
Income tax expense	122,462	194,008	181,998	65,315	124,865
Interest income	(1,036)	(660)	(954)	(359)	(538)
Finance costs	262	9,819	67,841	45,066	36,250
Change in fair value of investments designated at fair value through profit or loss	(79)	(103)	(225)	—	(750)
Share of results of associates	(28,322)	(10,034)	5,979	(3,690)	5,864
Depreciation of property and equipment	3,099	3,207	4,531	2,877	2,575
Unrealised exchange difference	—	(9,707)	18,131	10,592	23,552
Loss (gain) on disposal of property and equipment	—	19	(155)	(155)	313
Gain on disposal of a subsidiary	32 (4,051)	—	—	—	—
Change in fair value of investment properties	(6,869)	(127,076)	(97,473)	(89,306)	(162,774)
Change in fair value upon transfer from inventory properties to investment properties	(17,873)	(2,299)	(81,127)	(4,784)	(101,338)
Operating cash flows before movements in working capital	256,389	300,886	261,531	69,381	87,556
Decrease (increase) in properties held for sale	137,863	(529,557)	(48,153)	304,620	10,818
(Increase) decrease in properties under development	(245,911)	(932,981)	210,581	(514,331)	(267,865)
(Increase) decrease in trade and other receivables, deposits and prepayments	(40,186)	(176,743)	44,620	44,785	(540,616)
(Increase) decrease in amounts due from related parties	—	(51,094)	27,000	—	(21,490)
Increase (decrease) in trade and other payables and accrued expenses	57,100	106,759	273,499	(48,451)	(267,906)
Increase (decrease) in amounts due to customers for contract work	430,883	(334,149)	(458,521)	(166,117)	556,045
(Decrease) increase in pre-sale deposits received	(736,655)	(486,974)	590,969	330,027	1,576,292
(Decrease) increase in amounts due to related parties	(2,625)	7,196	4,665	(14,955)	(18,472)
Cash (used in) generated from operations	(143,142)	(2,096,657)	906,191	4,959	1,114,362
Income tax paid	(126,668)	(87,130)	(94,497)	(56,944)	(110,735)
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>	<b>(269,810)</b>	<b>(2,183,787)</b>	<b>811,694</b>	<b>(51,985)</b>	<b>1,003,627</b>

NOTES	Year ended 31 December			Period ended 31 August	
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000 (Unaudited)	2015 RMB'000
<b>INVESTING ACTIVITIES</b>					
Additions of property and equipment	(2,123)	(4,753)	(72,576)	(69,985)	(7,426)
Proceeds from disposal of property and equipment	15	—	483	483	31
Advance payments for acquisition of property and equipment	—	(13,714)	—	—	—
Additions of investment properties	—	(197,498)	(96,365)	(43,825)	(76,574)
Disposal of investment properties	—	—	—	—	280,988
Bank interest received	1,036	660	954	359	538
Acquisition of subsidiaries	30	(1,382,075)	3	3	—
Disposal of subsidiaries	32	136,981	—	—	(8,379)
Deposit paid for trust financing arrangement	—	—	—	—	(23,000)
Dividend received from an associate	—	5,250	—	—	—
Advances to related parties	(2,664,685)	(43,900)	—	—	(1,173,850)
Repayment from related parties	1,775,521	745,373	—	—	750,974
Placement of restricted/pledged bank deposits	(115,500)	(95,208)	(954,472)	(452,605)	(1,746,400)
Withdrawal of restricted/pledged bank deposits	234,302	87,545	928,937	457,222	1,647,122
Purchase of a life insurance policy	—	—	—	—	(9,584)
Purchase of financial assets at fair value through profit or loss	(11,300)	(1,000)	(100)	—	—
Proceeds from disposal of financial assets at fair value through profit or loss	9,849	5,403	1,015	—	4,750
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(635,904)</b>	<b>(893,917)</b>	<b>(192,121)</b>	<b>(108,348)</b>	<b>(360,810)</b>
<b>FINANCING ACTIVITIES</b>					
Proceeds from borrowings	1,657,805	3,219,447	2,917,525	1,815,015	2,926,413
Repayment of borrowings	(617,840)	(853,975)	(2,412,069)	(1,690,362)	(2,086,755)
Advances from related parties	14	3,261,007	1,712,760	720,077	234,025
Repayment to related parties	(25,708)	(2,217,920)	(2,334,446)	(516,751)	(710,431)
Interest paid	(145,440)	(495,773)	(678,127)	(416,556)	(297,374)
Capital contribution by equity holders of subsidiaries	28,000	161,636	90,000	90,000	—
Capital reduction by equity holders of subsidiaries	—	—	(70,000)	—	—
Cash paid out upon Reorganisation	—	—	—	—	(696,453)
Advances from independent third parties	59,796	9,364	15,642	28,042	62,528
Repayments to independent third parties	(58,690)	(64,232)	(2,020)	—	(3,278)
Advances from non-controlling equity holder of subsidiaries	5,900	174,424	30,365	30,032	10,000
Repayments to non-controlling equity holder of subsidiaries	(5,000)	(19,524)	(15,728)	(11,528)	(62,100)
Dividend distributions	—	(22,000)	—	—	—
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>898,837</b>	<b>3,152,454</b>	<b>(746,098)</b>	<b>47,969</b>	<b>(623,425)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,877)</b>	<b>74,750</b>	<b>(126,525)</b>	<b>(112,364)</b>	<b>19,392</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD</b>	<b>88,967</b>	<b>82,090</b>	<b>156,840</b>	<b>156,840</b>	<b>30,315</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, representing bank balances and cash</b>	<b>82,090</b>	<b>156,840</b>	<b>30,315</b>	<b>44,476</b>	<b>49,707</b>

## NOTES TO THE FINANCIAL INFORMATION

## 1. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Prior to the Reorganisation, the subsidiaries comprising the Group were owned by Mr. Shum Tin Ching (the “Ultimate Shareholder”) through companies controlled by him. Apart from the Group, the Ultimate Shareholder, through a group of real estate development companies (other than members of the Group) (the “Private Group”), has interest in the Excluded Businesses (defined below).

In contemplation of the Listing and in order to achieve the geographical segregation between the property business of the Group and the Excluded Businesses, and the private businesses held by the Ultimate Shareholder, upon completion of the Reorganisation, the Group conducts its property business only in 13 selected cities and the entire Jiangsu Province in the PRC, namely,

- 1) Chongqing Municipality (重慶市);
- 2) Jinan City, Shandong Province (山東省濟南市);
- 3) Nanchang City, Jiangxi Province (江西省南昌市);
- 4) Xiamen City, Fujian Province (福建省廈門市);
- 5) Fuzhou City, Fujian Province (福建省福州市);
- 6) Wuhan City, Hubei Province (湖北省武漢市);
- 7) Changsha City, Hunan Province (湖南省長沙市);
- 8) Nanning City, Guangxi Autonomous Region (廣西省南寧市);
- 9) Dalian City, Liaoning Province (遼寧省大連市);
- 10) Guangzhou City, Guangdong Province (廣東省廣州市);
- 11) Shenzhen City, Guangdong Province (廣東省深圳市);
- 12) Zhuhai City, Guangdong Province (廣東省珠海市);
- 13) Shantou City, Guangdong Province (廣東省汕頭市); and
- 14) All cities in Jiangsu Province (江蘇省所有城市)

(collectively referred as the “Target Cities” and each as “Target City”) and the Private Group conducts its property business only in the non-Target Cities in the PRC (the “Excluded Businesses”). There is no overlapping city among the Target Cities and the cities that the Private Group will operate. Such geographical delineation aims solely to ring-fence the operations of the Group from any potential operations of the Private Group.

Under the historical group structure, the Group has equity interest in various entities which involving the Excluded Businesses. Therefore, as part of the Reorganisation, during the eight months ended 31 August 2015, the Group disposed of a number of subsidiaries which involving the Excluded

Businesses including its entire equity interest in Jin Jiang, 80% equity interest in Fundland Development, 90% equity interest in Haining Jia Yuan, 60% equity interest in Jiaxing Jindi and entire equity interest in Jiaxing Jinyuan at a total consideration of RMB422,100,000 as detailed in note 32. In addition, the Group disposed of its equity interests in various associates as detailed in note 19.

Pursuant to the Reorganisation, the Company was incorporated on 5 May 2015 in the Cayman Islands by the Ultimate Shareholder. The Company then incorporated Jiayuan Investment on 8 May 2015. Through several steps of reorganisation, the Company became the parent company of several holding companies including Hong Kong Jia Yuan and Nanjing Gangyuan.

The Reorganisation was completed on 18 August 2015 by acquiring the PRC operating subsidiaries by Hong Kong Jia Yuan and Nanjing Gangyuan, including the entire 100% equity interests in Taizhou Jia Yuan, Taizhou Mingyuan, Taixing Guangyuan, Taixing Hengyuan, Taixing Mingyuan, Siyang Fengyuan, Yangzhou Guangyuan, Yangzhou Hengyuan, Yangzhou Mingyuan, 80% equity interests in Changzhou Jinyuan and 90% equity interests in Suqian Jia Yuan from entities controlled by the Ultimate Shareholder at a cash consideration of RMB696,453,000 in aggregate.

The Financial Information for the Relevant Periods has included the financial performance of the companies which involved business in the non-Target Cities. The financial information of the Excluded Businesses is presented under discontinued operations with details set out in note 31.

The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as continuing entity. The Group was and is under the control of the Ultimate Shareholder prior to and after the Reorganisation.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Relevant Periods which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the Relevant Periods, or since their respective dates of incorporation/establishment where it is a shorter period, except for those subsidiaries being disposed of during the Relevant Periods that the results of which have been accounted for until the effective date of disposal.

The consolidated statements of financial position of the Group as at 31 December 2012, 2013 and 2014 and 31 August 2015 have been prepared to present the assets and liabilities of the companies comprising the Group as at the respective dates as if the current group structure had been in existence at those dates, taking into account of the respective dates of incorporation/establishment and the respective dates of disposal of relevant entities.

The principal place of business of the Company is at Suite 1403, No.9 Queen's Road Central, Hong Kong. The Financial Information is presented in Renminbi ("RMB"), the currency of the primary economic environment in which the group entities operate (the functional currency of group entities).

## **2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS**

For the purpose of preparing and presenting the Financial Information of the Group for the Relevant Periods, the Group has consistently applied Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs"), amendments and interpretations issued by the HKICPA which are effective for annual accounting periods beginning on 1 January 2015 throughout the Relevant Periods.

The Group has not early applied the following new standards and amendments that have been issued but are not yet effective.

Amendment to HKAS 1	Disclosure Initiative <sup>3</sup>
HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 14	Regulatory Deferral Accounts <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>1</sup>
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants <sup>3</sup>
Amendments to HKAS 27	Equity Method in Separate Financial Statements <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 — 2014 Cycle <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

### HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

#### **HKFRS 15 *Revenue from Contracts with Customers***

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model of entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company do not anticipate that the application of the other new standards and amendments will have significant impact on the Financial Information.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on the historical cost basis, except for the investment properties and financial assets at fair value through profit or loss which are measured at fair value, and in accordance with the accounting policies which conform with HKFRSs issued by the HKICPA. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. These policies have been consistently applied throughout the Relevant Periods.

In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Financial Information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



**Basis of consolidation**

The Financial Information incorporates the financial information of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to owners of the Company and to the non-controlling interests. Total comprehensive income of a subsidiary is attributed to owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Changes in the Group's ownership interests in existing subsidiary**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

**Loss of control of subsidiaries**

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded

as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

### **Merger accounting for business combination involving entities under common control**

The Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities first came under the common control combination, where there is a shorter period, regardless of the date of the common control combination.

### **Construction contracts**

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract can be estimated reliably, revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date as compared to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statements of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statements of financial position under trade and other receivables.

### **Investments in associates**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in this Financial Information using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a partial interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Financial Information only to the extent of interests in the associate that are not related to the Group.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related tax.

Income from properties developed for sales is recognised (i) when the construction of relevant properties has been completed (ii) collectability of related receivables is reasonably assured, and (iii) at the date of delivery or certain days after the notice of completion are issued to the buyers for which is earlier, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposit received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Service income is recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### **Investment in a subsidiary**

Investment in a subsidiary is included in the Company statement of financial position at cost less accumulated impairment issues.

### **Property and equipment**

Property and equipment including leasehold land and buildings held for administrative purpose are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses if any.

Depreciation is recognised so as to write off the cost of items of property and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

If an item of property and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in asset revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained earnings.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Costs including professional fees and other costs that are directly attributable to the construction or acquisition of the property are capitalised. Such properties are classified to the appropriate categories of property and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the carrying amount will be recognised in profit or loss in that period.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

### **Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### ***The Group as lessor***

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

#### ***The Group as lessee***

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

### **Leasehold land and building**

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

### **Properties under development**

When the leasehold land and buildings are in the course of development for sale, the leasehold land component is amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of the costs of the properties under development.

Properties under development which are intended to be held for own use or their investment potential are shown as non-current assets.

Properties under development which are intended to be held for sale are shown as current assets and carried at the lower of cost and net realisable value.

Properties under development are transferred to investment property when the development is completed and there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

### **Properties held for sale**

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised.

Properties held for sale are transferred to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Net realisable value is determined based on prevailing market conditions.

**Impairment losses on tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

**Financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

***Financial assets***

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.



A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract to be designated at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposit paid for a life insurance policy, trade and other receivables, amounts due from related parties, restricted/pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

#### *Impairment of financial assets*

Financial assets, other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for indicators of impairment on a collective basis.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### *Financial liabilities and equity instruments*

Debt and equity instruments issued by a group equity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

#### *Financial liabilities*

Financial liabilities (including trade and other payables, amounts due to related parties, and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

#### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- (i) the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

***Derecognition***

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Retirement benefit costs**

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit plan.

**Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from 'profit before taxation' as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax for such investment properties are measured in accordance with the above general principles set out in HKAS 12 *Income taxes* (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

#### 4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Critical judgments in applying accounting policies**

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

##### ***Deferred taxation on investment properties***

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has recognised the deferred taxes on changes in fair value of investment properties as the Group is subject to enterprise income tax. The carrying amounts of deferred taxation on investment properties at 31 December 2012, 2013 and 2014 and 31 August 2015 were RMB25,337,000, RMB57,680,000, RMB102,330,000 and RMB167,802,000, respectively.

##### **Key sources of estimation uncertainty**

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### ***Construction costs estimation for revenue recognition***

Certain projects of the Group are divided into several phases according to the development and delivery plans. The Group recognises sales upon delivery of properties. Cost of sales including construction costs specific to the phases and common costs allocable to the phases are calculated based on management's best estimation of the total development costs for the whole project and the allocation to each phase at the time when the properties are delivered.

*Estimate of fair value of investment properties*

At the end of the reporting period, investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates. In relying on the valuation report, the management has exercised their judgment and is satisfied that the assumptions used in valuation have reflected the current market conditions. The carrying amounts of investment properties at 31 December 2012, 2013 and 2014 and 31 August 2015 were RMB428,536,000, RMB760,210,000, RMB1,272,685,000 and RMB1,366,764,000, respectively.

*Impairment of inventories of properties*

The management of the Group writes down the carrying amount of inventories of properties to net realisable value based on assessment of the realisability of properties, taking into account current market price of properties of comparable standard and location. If there is an increase in cost to completion or a decrease in net sales value, the net realisable value will decrease and this might result in write-downs of properties under development to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balances may not be realisable. The identification of write-downs requires the use of estimates. If the expectation is different, it will impact the carrying value and write-downs of inventories of properties in the period in which such estimate is changed. The carrying amounts of inventories of properties at 31 December 2012, 2013 and 2014 and 31 August 2015 were RMB5,472,500,000, RMB8,808,644,000 and RMB9,038,910,000 and RMB7,973,795,000 respectively.

*Estimated useful lives of property and equipment*

In applying the accounting policy on property and equipment with respect to depreciation, management estimates the useful lives of various categories of property and equipment according to the industrial experiences over the usage of property and equipment and also by reference to the relevant industrial norm. If the actual useful lives of property and equipment is less than the original estimate useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period. The carrying amounts of property and equipment at 31 December 2012, 2013 and 2014 and 31 August 2015 were RMB11,960,000, RMB13,353,000, RMB125,196,000 and RMB83,310,000 respectively.

*Estimate of the PRC LAT*

The PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures.

The Group is subject to land appreciation taxes in the PRC. The details of implementation have been announced by local tax bureaux in certain major cities, however, the Group has not finalised its LAT calculation and payments with local tax bureaux in those cities in PRC. Accordingly, significant judgments are required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates according to the understanding of the tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

*Construction contracts*

The Group recognises contract revenue according to the management's estimation of the progress and outcome of the project. Estimated revenue is determined in accordance with the terms set out in the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements. Estimated contract cost, which mainly comprises direct labour cost, subcontracting charges and costs of materials, is variable and estimated by the management on the basis of estimated cost of direct labour, subcontracting charges and costs of materials from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management frequently reviews and revises the estimates of both estimated revenue as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

**5. CAPITAL RISK MANAGEMENT**

The directors of the Company manage its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of net debts, which include amounts due to related parties and bank and other borrowings, as disclosed in respective notes, net of cash and cash equivalents and equity attributable to owners of the Company, comprising paid-in/share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through raising new registered capital as well as the issue of new debts or the redemption of existing debts.

**6. FINANCIAL INSTRUMENTS****(a) Categories of financial instruments**

	At 31 December			At
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2015</i>
				<i>RMB'000</i>
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	1,244,660	659,032	564,766	1,845,645
Financial assets at FVTPL	<u>8,990</u>	<u>4,690</u>	<u>4,000</u>	<u>—</u>
<b>Financial liabilities</b>				
Amortised cost	<u>2,745,568</u>	<u>6,399,199</u>	<u>6,353,166</u>	<u>6,191,891</u>

**(b) Financial risk management objectives and policies**

The Group's major financial instruments include trade and other receivables, amounts due from related parties, restricted/pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, and bank and other borrowings. Details of these financial instruments are set out in respective notes. The risks associated with these financial instruments include market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.



There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures during the Relevant Periods.

*(i) Market risk*

*Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits and bank and other borrowings.

The Group is also exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on restricted and pledged bank deposits, variable-rate bank and other borrowings which carry interest at prevailing market interest rates.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Inter-bank Offered Rate and the lending rate quoted by the People's Bank of China arising from the Group's bank and other borrowings.

The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

*Interest rate sensitivity analysis*

The sensitivity analysis below has been prepared based on the exposure to interest rates for bank and other borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial years/periods and held constant throughout the respective reporting period. A 100 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rate had been of 100 basis points higher/lower and all other variables held constant, the Group's profit for the year/period would decrease/increase by approximately nil, RMB5,546,000, RMB6,124,000 and RMB4,363,000 for the years ended 31 December 2012, 2013 and 2014 and eight months ended 31 August 2015, respectively after taking into account the capitalisation of certain interest expenses in properties under development/investment properties under construction.

No sensitivity analysis has been prepared for the exposure to interest rate risk on the Group's bank balances as the directors of the Company consider that the exposure is minimal.

*Foreign currency risk*

The Group collects all of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group undertakes certain transactions denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

As at 31 December 2012, 2013 and 2014 and 31 August 2015, the Group has deposit paid for a life insurance policy, bank balances and cash and bank borrowings denominated in foreign currencies as set out in notes 20, 26 and 28, respectively, which expose the Group to foreign currency risk and mainly concentrated on the exposure to United States Dollars ("US\$") and Hong Kong Dollars ("HK\$").

*Foreign currency sensitivity analysis*

No sensitivity analysis has been presented on the exposure to foreign currency risk on the Group's foreign currency denominated deposit paid for a life insurance policy and bank balances as the directors of the Company consider that the exposure is minimal.

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against HK\$. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes the Group's outstanding bank and other borrowings denominated in HK\$ at the end of each reporting period. A positive number below indicates an increase in profit where RMB strengthen 5% against HK\$. For a 5% weakening of RMB against HK\$, there would be an equal and opposite impact on the profit for the year/period, and the balances below would be negative.

	Year ended 31 December			Period
	2012	2013	2014	ended 31
	RMB'000	RMB'000	RMB'000	August
<b>Impact of HK\$</b>				<b>2015</b>
Increase in profit for				RMB'000
the year/period	—	27,730	30,621	32,721

**(ii) Credit risk**

As at the end of each reporting period, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position and the amount of contingent liabilities disclosed in note 37.

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk is significantly reduced.

Amounts due from related parties at 31 December 2012 and 31 August 2015 mainly represented the amounts due from 浙江佳源房地產集團有限公司, which represented 69.9% and 80.1% of the balances respectively. 浙江佳源房地產集團有限公司 is engaged in property development business in the PRC. The directors of the Company consider the credit risk on the balances is limited.

Amounts due from related parties at 31 December 2013 and 31 December 2014 mainly represented the amounts due from 嘉興足佳房地產開發有限公司, which represented 87.7% and 93.8% of the balances respectively. 嘉興足佳房地產開發有限公司 is engaged in property development business in the PRC. The directors of the Company consider the credit risk on the balances is limited.

Apart from amounts due from related parties (refer to note 39(f)), the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets of any time during the Relevant Periods.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by credit-rating agencies.

For properties that are presold but development have not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 80% of the purchase price of the individual property. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the sales deposit received and re-sell the repossessed properties. Therefore, the directors consider the Group would likely recover any loss incurred arising from the guarantee by it. The directors of the Company consider the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market prices of the properties are higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

**(iii) Liquidity risk**

The directors of the Company closely monitor the cash flows of the Group and, upon maturity, would arrange the renewal and refinancing of the bank loans, where necessary, to enable the Group to carry on its operations in the foreseeable future. In this regard, the directors of the Company consider that the Group's liquidity risk is significantly reduced.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans which are repayable on demand are included in the earliest time band. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	Interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2012 RMB'000
Trade and other payables	—	558,777	—	—	—	558,777	558,777
Amounts due to related parties	—	201,998	—	—	—	201,998	201,998
Bank and other borrowings							
— Fixed rate	18.5%	519,572	1,426,558	—	—	1,946,130	1,573,294
— Variable rate	7.4%	377,370	62,998	—	—	440,368	411,499
		1,657,717	1,489,556	—	—	3,147,273	2,745,568
Financial guarantee							
— Mortgage guarantees	—	863,607	—	—	—	863,607	—
		<u>2,521,324</u>	<u>1,489,556</u>	<u>—</u>	<u>—</u>	<u>4,010,880</u>	<u>2,745,568</u>

	Interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2013 RMB'000
Trade and other payables	—	763,977	—	—	—	763,977	763,977
Amounts due to related parties	—	1,294,663	—	—	—	1,294,663	1,294,663
Bank and other borrowings							
— Fixed rate	16.8%	2,224,403	1,623,700	—	—	3,848,103	3,325,969
— Variable rate	4.8%	644,233	278,860	143,516	—	1,066,609	1,014,590
		4,927,276	1,902,560	143,516	—	6,973,352	6,399,199
Financial guarantee							
— Mortgage guarantees	—	1,414,724	—	—	—	1,414,724	—
		<u>6,342,000</u>	<u>1,902,560</u>	<u>143,516</u>	<u>—</u>	<u>8,388,076</u>	<u>6,399,199</u>

	Interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 December 2014 RMB'000
Trade and other payables	—	837,674	—	—	—	837,674	837,674
Amounts due to related parties	—	671,346	—	—	—	671,346	671,346
Bank and other borrowings							
— Fixed rate	14.6%	2,462,016	2,006,519	—	—	4,468,535	3,931,723
— Variable rate	3.7%	784,744	143,201	—	—	927,945	912,423
		4,755,780	2,149,720	—	—	6,905,500	6,353,166
Financial guarantee							
— Mortgage guarantees	—	1,769,875	—	—	—	1,769,875	—
		<u>6,525,655</u>	<u>2,149,720</u>	<u>—</u>	<u>—</u>	<u>8,675,375</u>	<u>6,353,166</u>

	Interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount at 31 August 2015 RMB'000
Trade and other payables	—	688,501	—	—	—	688,501	688,501
Amounts due to related parties	—	235,447	—	—	—	235,447	235,447
Bank and other borrowings							
— Fixed rate	13.7%	2,295,128	3,133,654	—	—	5,428,782	4,613,528
— Variable rate	2.8%	654,415	—	—	—	654,415	654,415
		3,873,491	3,133,654	—	—	7,007,145	6,191,891
Financial guarantee							
— Mortgage guarantees	—	1,848,198	—	—	—	1,848,198	—
		<u>5,721,689</u>	<u>3,133,654</u>	<u>—</u>	<u>—</u>	<u>8,855,343</u>	<u>6,191,891</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amounts 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 reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

**(c) Fair value**

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the Financial Information approximate to their fair values.

**7. SEGMENT INFORMATION**

HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by Mr. Shum Tin Ching, being the chief operating decision maker prior to Reorganisation, and the Board of Directors, being the chief operating decision maker after Reorganisation, for the purpose of allocating resources to segments and assessing their performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

1. Property development — development and sales of office premises, shopping arcade and residential properties
2. Development services — development of resettlement properties and other public facilities
3. Property investment — leasing of office premises, hotel, shopping arcade and carparks

No segment assets and liabilities are presented as they were not regularly provided to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Information regarding the above segments is reported below.

**Segment revenue and results**

The following is an analysis of the Group's revenue and results by operating and reportable segments for the years/periods:

**Continuing operations**

	Segment revenue					Segment profit				
	Year ended 31 December			Period ended		Year ended 31 December			Period ended	
	2012	2013	2014	31 August	2015	2012	2013	2014	31 August	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)				(Unaudited)		
Property development	<u>1,795,993</u>	<u>2,037,408</u>	<u>1,776,903</u>	<u>1,066,829</u>	<u>973,109</u>	<u>214,191</u>	<u>364,704</u>	<u>239,271</u>	<u>52,998</u>	<u>100,872</u>
Development services	<u>292,168</u>	<u>494,392</u>	<u>525,081</u>	<u>167,071</u>	<u>2,997</u>	<u>2,896</u>	<u>3,407</u>	<u>4,097</u>	<u>1,194</u>	<u>97</u>
Property investment	<u>6,695</u>	<u>12,819</u>	<u>16,282</u>	<u>9,445</u>	<u>14,899</u>	<u>6,695</u>	<u>12,819</u>	<u>16,282</u>	<u>9,445</u>	<u>14,899</u>
	<u>2,094,856</u>	<u>2,544,619</u>	<u>2,318,266</u>	<u>1,243,345</u>	<u>991,005</u>					
Other income, gains and losses						3,978	8,487	(17,905)	(10,579)	(23,372)
Interest income						1,027	634	905	351	532
Central administration costs						(23)	(836)	(5,739)	(3,084)	(5,650)
Change in fair value of investment properties						6,039	126,426	97,113	89,086	162,574
Change in fair value upon transfer from inventory properties to investment properties						17,873	2,299	81,127	4,784	101,338
Finance costs						(262)	(9,657)	(38,291)	(25,866)	(29,251)
Other expenses						—	—	—	—	(12,071)
Profit before taxation	<u>252,414</u>	<u>508,283</u>	<u>376,860</u>	<u>118,329</u>	<u>309,968</u>					

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of central administration costs, other income, gains and losses, interest income, other expenses, change in fair value of investment properties and finance costs. This is the measure reported to the chief operating decision maker, for the purposes of resources allocation and performance assessment.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales for all years/periods reported.

## Other segment information

*Continuing operations*

	Depreciation of property and equipment				
	Year ended 31 December			Period ended 31 August	
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000	2015 RMB'000
				(Unaudited)	
Amounts included in the measure of segment profit or loss:					
Property development	2,187	2,319	3,655	2,253	2,293
Property investment	—	—	—	—	—
	<u>2,187</u>	<u>2,319</u>	<u>3,655</u>	<u>2,253</u>	<u>2,293</u>

## Geographical information

The following tables set out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

*Continuing operations*

	Revenue from external customers				
	Year ended 31 December			Period ended 31 August	
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000	2015 RMB'000
				(Unaudited)	
Changzhou	—	—	—	—	—
Hong Kong	—	—	—	—	—
Nanjing	—	—	—	—	—
Taixing	202,168	910,126	1,425,218	496,885	301,218
Taizhou	545,429	423,072	417,055	315,674	25,371
Suqian	336,064	537,916	391,038	357,207	487,031
Yangzhou	<u>1,011,195</u>	<u>673,505</u>	<u>84,955</u>	<u>73,579</u>	<u>177,385</u>
	<u>2,094,856</u>	<u>2,544,619</u>	<u>2,318,266</u>	<u>1,243,345</u>	<u>991,005</u>



	Non-current assets			At
	2012	At 31 December	2014	31 August
	RMB'000	RMB'000	RMB'000	RMB'000
Changzhou	—	90,076	127,228	160,168
Hong Kong	—	13,731	81,529	80,278
Nanjing	—	531	1,090	759
Taixing	611	131,442	468,301	525,774
Taizhou	356,709	363,074	367,858	393,228
Suqian	1,355	97,112	208,553	211,008
Yangzhou	55,132	63,118	77,797	78,859
Non-Target Cities	248,167	254,455	258,808	—
	<u>661,974</u>	<u>1,013,539</u>	<u>1,591,164</u>	<u>1,450,074</u>

*Note:* Non-current assets excluded financial instruments, prepayment and deposit paid for a life insurance policy and deferred tax assets.

### Information about major customers

There were no customers individually contributing over 10% of the total sale amounts for the Relevant Periods.

## 8. REVENUE

The amount represents revenue arising from sales of properties, development services and property rental.

Analysis of the Group's revenue from continuing operations are set out as below:

	Year ended 31 December			Period ended	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of properties	1,795,993	2,037,408	1,776,903	1,066,829	973,109
Development services	292,168	494,392	525,081	167,071	2,997
Property rental	6,695	12,819	16,282	9,445	14,899
	<u>2,094,856</u>	<u>2,544,619</u>	<u>2,318,266</u>	<u>1,243,345</u>	<u>991,005</u>

## 9. OTHER INCOME, GAINS AND LOSSES

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
<b>Continuing operations</b>					
Other income					
Interest income on bank deposits	1,027	634	905	351	532
Others	641	1,932	765	480	1,427
	<u>1,668</u>	<u>2,566</u>	<u>1,670</u>	<u>831</u>	<u>1,959</u>
Other gains and losses					
(Loss) gain on disposal of property and equipment	—	(19)	155	155	(313)
Change in fair value of investments designated at FVTPL	79	103	225	—	750
Gain on disposal of a subsidiary ( <i>note 32</i> )	4,051	—	—	—	—
Foreign exchange (loss) gain	(152)	8,403	(18,285)	(10,734)	(23,809)
	<u>3,978</u>	<u>8,487</u>	<u>(17,905)</u>	<u>(10,579)</u>	<u>(23,372)</u>

## 10. FINANCE COSTS

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
<b>Continuing operations</b>					
Interest on bank and other borrowings (per repayment schedule)					
— wholly repayable within five years	145,440	438,770	604,748	396,597	361,665
— wholly repayable after five years	—	—	253	93	318
	<u>145,440</u>	<u>438,770</u>	<u>605,001</u>	<u>396,690</u>	<u>361,983</u>
Less: Capitalised in investment properties/properties under development	<u>(145,178)</u>	<u>(429,113)</u>	<u>(566,710)</u>	<u>(370,824)</u>	<u>(332,732)</u>
	<u>262</u>	<u>9,657</u>	<u>38,291</u>	<u>25,866</u>	<u>29,251</u>

Finance costs have been capitalised for investment properties under construction and properties under development at average rates of 3.29%, 6.19%, 8.37%, 7.71% (unaudited) and 7.40% for the years ended 31 December 2012, 2013 and 2014 and eight months ended 31 August 2014 and 2015 respectively.

## 11. INCOME TAX EXPENSE

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
<b>Continuing operations</b>					
Current tax:					
Enterprise Income Tax in the PRC	75,092	90,845	94,687	34,165	35,284
LAT	<u>66,162</u>	<u>90,751</u>	<u>94,862</u>	<u>30,701</u>	<u>41,377</u>
	141,254	181,596	189,549	64,866	76,661
Deferred tax	<u>(24,733)</u>	<u>15,006</u>	<u>(5,417)</u>	<u>1,032</u>	<u>50,425</u>
	<u>116,521</u>	<u>196,602</u>	<u>184,132</u>	<u>65,898</u>	<u>127,086</u>

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the BVI as they are not subject to any tax during the Relevant Periods.

No provision for Hong Kong Profits Tax has been recognised in the Financial Information during the Relevant Periods as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the requirements of the Provisional Regulations of the PRC on LAT effective from 1 January 1994 and amended on 8 January 2012, and the Implementation Rules on the Provisional Regulations of the PRC on LAT effective from 27 January 1995 (collectively referred to the “LAT Regulations”), all gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance. Apart from the aforementioned deductions, property developers enjoy an additional deduction, which is equal to 20% of the payment made for acquisition of land use rights and the costs of land development and construction of new buildings or related facilities.

The tax charge for the year/period can be reconciled to the profit before taxation from continuing operations as follows:

	Year ended 31 December			Period ended 31 August	
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000	2015 RMB'000
				(Unaudited)	
<b>Continuing operations</b>					
Profit before taxation	<u>252,414</u>	<u>508,283</u>	<u>376,860</u>	<u>118,329</u>	<u>309,968</u>
PRC Enterprise Income Tax at 25%	63,104	127,071	94,215	29,582	77,492
Tax effect of expenses not deductible for tax purpose	71	1,906	11,240	6,996	13,884
Tax effect of income not taxable for tax purpose	(1,019)	(2,191)	(6)	(4)	(11)
Tax effect of tax losses not recognised	5,052	1,770	7,416	6,298	4,699
Utilisation of tax losses previously not recognised	—	—	—	—	(246)
LAT	66,162	90,751	94,862	30,701	41,377
Tax effect of LAT	(16,540)	(22,688)	(23,715)	(7,675)	(10,344)
Others	<u>(309)</u>	<u>(17)</u>	<u>120</u>	<u>—</u>	<u>235</u>
Tax charge for the year/period	<u>116,521</u>	<u>196,602</u>	<u>184,132</u>	<u>65,898</u>	<u>127,086</u>

## 12. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
<b>Continuing operations</b>					
Profit for the year/period has been arrived at after charging (crediting):					
Cost of properties held for sale recognised as expenses	1,507,407	1,551,791	1,365,318	924,394	747,685
Depreciation of property and equipment	2,345	2,472	3,793	2,359	2,334
Less: Capitalised in properties under development	<u>(158)</u>	<u>(153)</u>	<u>(138)</u>	<u>(106)</u>	<u>(41)</u>
	<u>2,187</u>	<u>2,319</u>	<u>3,655</u>	<u>2,253</u>	<u>2,293</u>
Auditors' remuneration	103	129	230	106	66
Compensation expenses (included in other expenses) ( <i>note</i> )	—	31,056	39,032	32,221	—
Donations (included in other expenses)	10	128	701	406	547
Listing expenses (included in other expenses)	—	—	—	—	12,071
Minimum lease payments under operating lease for land and buildings	306	888	1,316	889	1,353
Rental income from investment properties (net of negligible outgoings)	(5,230)	(9,910)	(12,166)	(6,806)	(11,553)
Directors' emoluments ( <i>note 13</i> )	—	—	2,655	811	1,405
Other staff costs					
Salaries and other allowances	20,885	26,399	28,891	18,161	20,938
Retirement benefit costs	<u>1,874</u>	<u>2,284</u>	<u>3,131</u>	<u>1,947</u>	<u>2,900</u>
Total staff costs	22,759	28,683	34,677	20,919	25,243
Less: Capitalised in properties under development	<u>(4,165)</u>	<u>(5,183)</u>	<u>(6,372)</u>	<u>(4,080)</u>	<u>(4,532)</u>
	<u><u>18,594</u></u>	<u><u>23,500</u></u>	<u><u>28,305</u></u>	<u><u>16,839</u></u>	<u><u>20,711</u></u>

*Note:* Compensation expenses mainly represent compensation paid to purchasers of properties as a result of delay in property delivery.

## 13. DIRECTORS' EMOLUMENTS

Details of the emoluments paid/payable to the directors and the chief executive of the Company (including emoluments for services provided as employees/directors of the group entities prior to becoming the directors of the Company) during the Relevant Periods are as follows:

	Year ended 31 December			Period ended 31 August	
	2012 RMB'000	2013 RMB'000	2014 RMB'000	2014 RMB'000 (Unaudited)	2015 RMB'000
Directors' fee	—	—	—	—	—
Other emoluments					
— Salaries and other allowances	—	—	1,302	765	1,267
— Performance related bonus	—	—	1,303	15	100
— Retirement benefit scheme contributions	—	—	50	31	38
	<u>—</u>	<u>—</u>	<u>2,655</u>	<u>811</u>	<u>1,405</u>

The emoluments of the directors and chief executive are as follows:

	Fee RMB'000	Salaries and other allowances RMB'000	Performance related bonus RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
<b>Year ended 31 December 2012</b>					
<b>Executive Directors</b>					
Ms. Cheuk Hiu Nam	—	—	—	—	—
Mr. Huang Fuqing	—	—	—	—	—
Mr. Wang Jianfeng	—	—	—	—	—
<b>Non-Executive Director</b>					
Mr. Shum Tin Ching	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Fee <i>RMB'000</i>	Salaries and other allowances <i>RMB'000</i>	Performance related bonus <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2013</b>					
<b>Executive Directors</b>					
Ms. Cheuk Hiu Nam	—	—	—	—	—
Mr. Huang Fuqing	—	—	—	—	—
Mr. Wang Jianfeng	—	—	—	—	—
<b>Non-Executive Director</b>					
Mr. Shum Tin Ching	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

	Fee <i>RMB'000</i>	Salaries and other allowances <i>RMB'000</i>	Performance related bonus <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2014</b>					
<b>Executive Directors</b>					
Ms. Cheuk Hiu Nam	—	575	403	14	992
Mr. Huang Fuqing	—	279	900	28	1,207
Mr. Wang Jianfeng	—	—	—	—	—
<b>Non-Executive Director</b>					
Mr. Shum Tin Ching	—	448	—	8	456
	<u>—</u>	<u>1,302</u>	<u>1,303</u>	<u>50</u>	<u>2,655</u>
	<u>—</u>	<u>1,302</u>	<u>1,303</u>	<u>50</u>	<u>2,655</u>

	Fee <i>RMB'000</i>	Salaries and other allowances <i>RMB'000</i>	Performance related bonus <i>RMB'000</i>	Retirement benefit scheme contributions <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Period ended 31 August 2014</b>					
<b>Executive Directors</b>					
Ms. Cheuk Hiu Nam	—	383	—	9	392
Mr. Huang Fuqing	—	190	15	18	223
Mr. Wang Jianfeng	—	—	—	—	—
<b>Non-Executive Director</b>					
Mr. Shum Tin Ching	—	192	—	4	196
	<u>—</u>	<u>765</u>	<u>15</u>	<u>31</u>	<u>811</u>
	<u>—</u>	<u>765</u>	<u>15</u>	<u>31</u>	<u>811</u>

(Unaudited)

**Period ended 31 August 2014**

<b>Executive Directors</b>					
Ms. Cheuk Hiu Nam	—	383	—	9	392
Mr. Huang Fuqing	—	190	15	18	223
Mr. Wang Jianfeng	—	—	—	—	—
<b>Non-Executive Director</b>					
Mr. Shum Tin Ching	—	192	—	4	196
	<u>—</u>	<u>765</u>	<u>15</u>	<u>31</u>	<u>811</u>
	<u>—</u>	<u>765</u>	<u>15</u>	<u>31</u>	<u>811</u>



	Fee	Salaries and other allowances	Performance related bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Period ended 31 August 2015</b>					
<b>Executive Directors</b>					
Ms. Cheuk Hiu Nam (note 1)	—	390	—	10	400
Mr. Huang Fuqing (note 1)	—	187	100	17	304
Mr. Wang Jianfeng (note 1)	—	170	—	1	171
<b>Non-Executive Director</b>					
Mr. Shum Tin Ching (note 2)	—	520	—	10	530
	<u>—</u>	<u>1,267</u>	<u>100</u>	<u>38</u>	<u>1,405</u>

*Notes:*

- (1) Ms. Cheuk Hiu Nam, Mr. Huang Fuqing and Mr. Wang Jianfeng were appointed as executive directors of the Company on 27 July 2015
- (2) Mr. Shum Tin Ching was appointed as a non-executive director of the Company on 27 July 2015

Performance related bonus is determined by reference to the performance of individuals and market trend.

The five highest paid individuals included no director for the years ended 31 December 2012 and 2013, two directors for the year ended 31 December 2014, and the eight months ended 31 August 2014, and three directors for the eight months ended 31 August 2015. The remunerations of the remaining highest paid individuals for the Relevant Periods are as follows:

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Employees					
— Salaries and other allowances	988	1,250	778	570	338
— Performance related bonus	1,320	1,724	1,470	49	170
— Retirement benefit scheme contributions	132	139	84	53	36
	<u>2,440</u>	<u>3,113</u>	<u>2,332</u>	<u>672</u>	<u>544</u>

The remuneration were within the following bands;

	Number of individuals				
	Year ended 31 December			Period ended	
	2012	2013	2014	31 August 2014	2015
Nil to HK\$1,000,000	5	5	2	3	2
HK\$1,000,001 to HK\$1,500,000	<u>—</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>

During the Relevant Periods, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the Relevant Periods.

#### 14. DIVIDEND

Other than a dividend of RMB22,000,000 paid by Taizhou Jia Yuan to the then existing equity holders for the year ended 31 December 2013, no dividend has been paid or proposed by the subsidiaries and the Company during the Relevant Periods.

Dividend per share is not presented as its inclusion, for the purpose of this report, is not considered meaningful.

**15. EARNINGS PER SHARE****From continuing and discontinued operations**

The calculation of basic earnings per share from continuing and discontinued operations during the Relevant Periods are based on the assumption that the Reorganisation and the capitalisation issue had been in effective on 1 January 2012.

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
<b>Earnings</b>					
Earnings for the purpose of basic earnings per share (profit for the year/period attributable to owners of the Company)	<u>175,146</u>	<u>259,752</u>	<u>170,955</u>	<u>47,865</u>	<u>160,095</u>
	'000	'000	'000	'000	'000
<b>Number of shares</b>					
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,080,593</u>	<u>1,141,992</u>	<u>1,403,341</u>	<u>1,383,292</u>	<u>1,350,000</u>

**From continuing operations**

The calculation of the basic earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year/period attributable to owners of the Company	175,146	259,752	170,955	47,865	160,095
Less: (Profit) loss for the year/period from discontinued operations	<u>(42,821)</u>	<u>36,823</u>	<u>21,538</u>	<u>4,376</u>	<u>17,826</u>
Profit for the purpose of basic earnings per share from continuing operations	<u>132,325</u>	<u>296,575</u>	<u>192,493</u>	<u>52,241</u>	<u>177,921</u>

The denominators used are the same as those detailed above for basic earnings per share.

**From discontinued operations**

Basic earnings (loss) per share for the discontinued operations is RMB3.96 cents, RMB(3.22) cents and RMB(1.54) cents, RMB(0.32) cent (unaudited) and RMB(1.32) cents per share for the years ended 31 December 2012, 2013 and 2014 and for the eight months ended 31 August 2014 and 2015 respectively.

The calculation of basic earnings (loss) per share from discontinued operations attributable to owners of the Company is based on the following data:

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit (loss) for the year/period from discontinued operations	<u>42,821</u>	<u>(36,823)</u>	<u>(21,538)</u>	<u>(4,376)</u>	<u>(17,826)</u>

The denominators used are the same as those detailed above for basic earnings per share.

## 16. INVESTMENT PROPERTIES

	<b>Completed investment properties</b> <i>RMB'000</i>	<b>Investment properties under construction</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
FAIR VALUE			
At 1 January 2012	367,227	—	367,227
Transfer from properties under development	701	—	701
Transfer from properties held for sale	53,739	—	53,739
Net change in fair value recognised in profit or loss	<u>6,869</u>	<u>—</u>	<u>6,869</u>
At 31 December 2012	428,536	—	428,536
Additions	—	197,498	197,498
Transfer from properties held for sale	7,101	—	7,101
Net change in fair value recognised in profit or loss	<u>9,213</u>	<u>117,862</u>	<u>127,075</u>
At 31 December 2013	444,850	315,360	760,210
Additions	—	96,365	96,365
Transfer from property and equipment	5,313	—	5,313
Transfer from properties under development	299,180	—	299,180
Transfer from properties held for sale	14,144	—	14,144
Transfer	160,397	(160,397)	—
Net change in fair value recognised in profit or loss	<u>53,801</u>	<u>43,672</u>	<u>97,473</u>
At 31 December 2014	977,685	295,000	1,272,685
Additions	—	76,574	76,574
Disposal	(280,988)	—	(280,988)
Disposal of a subsidiary	(26,280)	—	(26,280)
Transfer from properties held for sale	162,000	—	162,000
Transfer	221,194	(221,194)	—
Net change in fair value recognised in profit or loss	<u>153,153</u>	<u>9,620</u>	<u>162,773</u>
At 31 August 2015	<u>1,206,764</u>	<u>160,000</u>	<u>1,366,764</u>

The completed investment properties and investment properties under construction are all situated in the PRC under medium-term leases. All the completed investment properties are rented out under operating leases.

The fair values of the Group's investment properties at 1 January 2012, 31 December 2012, 2013 and 2014 and 31 August 2015 and at dates of transfer have been arrived at on the basis of valuations on those dates carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), a firm of independent qualified professional valuers not connected with the Group, who have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The address of JLL is 6th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The valuations of completed investment properties (“Completed IP”) were arrived at with adoption of investment approach by considering the capitalised rental income derived from the existing tenancies with due provision for any reversionary income potential of the respective properties.

The valuations of investment properties under construction (“IP under construction”) were arrived at with adoption of cost approach, which is based on market observable transactions of completed properties with the basis that they will be developed and completed in accordance with the latest development proposals and taken into account the accrued construction costs that will be expended to complete the development to reflect the quality of the completed development and developer’s gross profit margin.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

All of the Group’s property interests held under operating leases in the PRC to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Details of the Group’s investment properties which are classified as level 3 in the fair value hierarchy as at 31 December 2012, 2013 and 2014 and 31 August 2015 are as follows:

	<b>Completed IP</b>	<b>IP under construction</b>	<b>Total fair value as at 31.12.2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties in Yangzhou	47,819	—	47,819
Properties in Jiaxing	25,070	—	25,070
Properties in Taizhou	355,647	—	355,647
	<u>428,536</u>	<u>—</u>	<u>428,536</u>

	<b>Completed IP</b>	<b>IP under construction</b>	<b>Total fair value as at 31.12.2013</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties in Changzhou	—	90,000	90,000
Properties in Yangzhou	56,602	—	56,602
Properties in Jiaxing	25,720	—	25,720
Properties in Taixing	—	130,000	130,000
Properties in Taizhou	362,528	—	362,528
Properties in Suqian	—	95,360	95,360
	<u>444,850</u>	<u>315,360</u>	<u>760,210</u>

	<b>Completed IP</b> <i>RMB'000</i>	<b>IP under construction</b> <i>RMB'000</i>	<b>Total fair value as at 31.12.2014</b> <i>RMB'000</i>
Properties in Changzhou	—	127,000	127,000
Properties in Yangzhou	77,222	—	77,222
Properties in Jiaxing	26,080	—	26,080
Properties in Taixing	299,180	168,000	467,180
Properties in Taizhou	367,575	—	367,575
Properties in Suqian	207,628	—	207,628
	<u>977,685</u>	<u>295,000</u>	<u>1,272,685</u>

	<b>Completed IP</b> <i>RMB'000</i>	<b>IP under construction</b> <i>RMB'000</i>	<b>Total fair value as at 31.8.2015</b> <i>RMB'000</i>
Properties in Changzhou	—	160,000	160,000
Properties in Yangzhou	78,404	—	78,404
Properties in Taixing	524,983	—	524,983
Properties in Taizhou	392,985	—	392,985
Properties in Suqian	210,392	—	210,392
	<u>1,206,764</u>	<u>160,000</u>	<u>1,366,764</u>

There were no transfers into or out of Level 3 during the Relevant Periods. The following table gives information about how the fair values of the major investment properties are determined (in particular, the valuation techniques and inputs used).

**Investment properties**

**held by the Group in  
the consolidated  
statement of financial  
position**

	<b>Fair value hierarchy</b>	<b>Valuation technique(s) and key input(s)</b>	<b>Significant unobservable input(s)</b>	<b>Relationship of unobservable inputs to fair value</b>
Properties in Changzhou — IP under construction	Level 3	Cost approach  The key inputs are:  (1) Market unit sales rate (2) Developer's gross profit margin	Market unit sales rate, using market direct comparable and taking into account of location and other individual factors range from RMB1,750 sq.m., RMB1,765 sq.m. and RMB1,777 sq.m. at 31 December 2013, 2014 and 31 August 2015 respectively.	A slight increase in the market unit sales rate would result in a significant increase in fair value and vice versa.



Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
			Developer's gross profit margin, taking into account of the progress of the property of 45%, at 31 December 2013 and 2014 and 31 August 2015.	There is no indication that any slight change in the developer's gross profit margin would result in significant higher or lower fair value measurement
Property in Yangzhou — Completed IP	Level 3	Investment approach  The key inputs are:  (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities range from around RMB32.7 sq.m./month to RMB38.7 sq.m./month, RMB32.7 sq.m./month to RMB35.7 sq.m./month, RMB33.0 sq.m./month to RMB39.0 sq.m./month and RMB33 sq.m./month to RMB39.0 sq.m./month at 31 December 2012, 2013 and 2014, and 31 August 2015 respectively.  Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5%, at 31 December 2012, 2013 and 2014, and 31 August 2015.	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.  A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property in Jiaxing — Completed IP	Level 3	Investment approach  The key inputs are:  (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities around RMB61.8 sq.m./month, RMB62.4 sq.m./month and RMB63 sq.m./month at 31 December 2012, 2013 and 2014 respectively.  Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5%, at 31 December 2012, 2013 and 2014.	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.  A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.
Property in Taixing — Completed IP and IP under construction	Level 3	Investment approach for completed IP  The key inputs are:  (1) Monthly market rent; and (2) Capitalisation rate	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities range from around RMB22.5 sq.m./month to RMB120 sq.m./month and RMB120 sq.m./month at 31 December 2014, and 31 August 2015 respectively.  Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5% and 3.5% to 4%, at 31 December 2014, and 31 August 2015 respectively.	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.  A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property in Taizhou — Completed IP	Level 3	Cost approach for IP under construction	Market unit sales rate, using market direct comparable and taking into account of location and other individual factors range from RMB870 sq.m. to RMB1,100 sq.m and RMB906 sq.m to RMB1,146 sq.m at 31 December 2013 and 2014 respectively.	A slight increase in the market unit sales rate would result in a significant increase in fair value and vice versa.
		The key inputs are: (1) Market unit sales rate (2) Developer's gross profit margin	Developer's gross profit margin, taking into account of the progress of the property of 35% at 31 December 2013 and 2014.	There is no indication that any slight change in the developer's gross profit margin would result in significant higher or lower fair value measurement
Property in Taizhou — Completed IP	Level 3	Investment approach	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities range from around RMB39.9 sq.m./month to RMB76.2 sq.m./month, RMB40.2 sq.m./month to RMB77.7 sq.m./month, RMB40.2 sq.m./month to RMB79.5 sq.m./month and RMB40.5 sq.m./month to RMB80 sq.m./month at 31 December 2012, 2013, 2014, and 31 August 2015 respectively.	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.
		The key inputs are: (1) Monthly market rent; and (2) Capitalisation rate	Capitalisation rate, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received of 3.5% to 4%, 3.5% to 4%, 3.5% to 4% and 3.5% to 4%, at 31 December 2012, 2013 and 2014, and 31 August 2015 respectively.	A slight increase in the capitalisation rate would result in a significant decrease in fair value and vice versa.

Investment properties held by the Group in the consolidated statement of financial position	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property in Suqian — Completed IP and IP under construction	Level 3	Investment approach for completed IP	Monthly market rent, using direct market comparables and taking into account of location and other individual factors such as road frontage, size of property and facilities around RMB45.9 sq.m./month at 31 December 2014 and 31 August 2015.	A slight increase in the monthly market rent would result in a significant increase in fair value and vice versa.
		The key inputs are:  (1) Monthly market rent; and (2) Capitalisation rate		
		Cost approach for IP under construction	Market unit sales rate, using market direct comparable and taking into account of location and other individual factors range from RMB1,035 sq.m., to RMB3,900 sq.m. at 31 December 2013.	A slight increase in the market unit sales rate would result in significant increase in fair value and vice versa.
		The key inputs are:  (1) Market unit sales rate (2) Developer's gross profit margin	Developer's gross profit margin, taking into account of the progress of the property of 35% at 31 December 2013.	There is no indication that any slight change in the developer's gross profit margin would result in significant higher or lower fair value measurement.

## 17. PROPERTY AND EQUIPMENT

	Leasehold land and building RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Office equipment RMB'000	Furniture, fittings and equipment RMB'000	Computer equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
COST								
At 1 January 2012	6,760	—	—	1,215	11	2,646	12,808	23,440
Additions	—	—	—	379	80	330	1,334	2,123
Disposals	—	—	—	—	—	(29)	(89)	(118)
At 31 December 2012	6,760	—	—	1,594	91	2,947	14,053	25,445
Additions	—	—	—	234	125	682	3,718	4,759
Acquisition of subsidiaries	—	—	—	—	6	13	—	19
Disposals	—	—	—	—	(6)	(13)	—	(19)
At 31 December 2013	6,760	—	—	1,828	216	3,629	17,771	30,204
Additions	81,708	1,775	839	489	428	556	494	86,289
Acquisition of subsidiaries	—	35,874	—	—	—	—	—	35,874
Transfer to investment properties	(6,760)	—	—	—	—	—	—	(6,760)
Disposals	—	—	—	—	—	(28)	(732)	(760)
At 31 December 2014	81,708	37,649	839	2,317	644	4,157	17,533	144,847
Additions	—	6,357	—	821	—	101	150	7,429
Disposals	—	—	—	(119)	(217)	(137)	(558)	(1,031)
Disposal of subsidiaries	—	(44,006)	—	(1,500)	—	(776)	(5,595)	(51,877)
At 31 August 2015	81,708	—	839	1,519	427	3,345	11,530	99,368
ACCUMULATED DEPRECIATION								
At 1 January 2012	(661)	—	—	(686)	—	(1,746)	(7,239)	(10,332)
Charge for the year	(304)	—	—	(231)	(7)	(435)	(2,279)	(3,256)
Eliminated on disposals	—	—	—	—	—	23	80	103
At 31 December 2012	(965)	—	—	(917)	(7)	(2,158)	(9,438)	(13,485)
Charge for the year	(304)	—	—	(238)	(20)	(398)	(2,406)	(3,366)
At 31 December 2013	(1,269)	—	—	(1,155)	(27)	(2,556)	(11,844)	(16,851)
Charge for the year	(1,403)	—	(125)	(269)	(100)	(553)	(2,229)	(4,679)
Eliminated on disposals	—	—	—	—	—	24	408	432
Transfer to investment properties	1,447	—	—	—	—	—	—	1,447
At 31 December 2014	(1,225)	—	(125)	(1,424)	(127)	(3,085)	(13,665)	(19,651)
Charge for the period	(1,090)	—	(112)	(186)	(71)	(285)	(877)	(2,621)
Eliminated on disposals	—	—	—	44	59	66	517	686
Eliminated on disposal of subsidiaries	—	—	—	547	—	529	4,452	5,528
At 31 August 2015	(2,315)	—	(237)	(1,019)	(139)	(2,775)	(9,573)	(16,058)
CARRYING VALUES								
At 31 December 2012	5,795	—	—	677	84	789	4,615	11,960
At 31 December 2013	5,491	—	—	673	189	1,073	5,927	13,353
At 31 December 2014	80,483	37,649	714	893	517	1,072	3,868	125,196
At 31 August 2015	79,393	—	602	500	288	570	1,957	83,310

The above items of property and equipment, other than construction in progress, are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Leasehold land and building	Over the shorter of the term of lease or 2%
Leasehold improvements	20%
Office equipment	20%
Furniture, fittings and equipment	10%–20%
Computer equipment	20%–33%
Motor vehicles	25%

	At 31 December			At 31 August
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Leasehold land and building in Hong Kong				
Long lease	—	—	80,483	79,393
Leasehold land and building in the PRC				
Medium term lease	<u>5,795</u>	<u>5,491</u>	<u>—</u>	<u>—</u>
	<u><u>5,795</u></u>	<u><u>5,491</u></u>	<u><u>80,483</u></u>	<u><u>79,393</u></u>

The land and building elements of a lease of land and building cannot be allocated reliably between the land and building elements, the lease is treated as property and equipment.

#### 18. INVESTMENT IN A SUBSIDIARY

**THE  
COMPANY**  
At 31 August  
2015  
RMB'000

Unlisted shares, at cost	<u>—</u>
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Investment in a subsidiary represents the cost of investment amounting to US\$1 in Jiayuan Investment, a wholly owned subsidiary of the Company incorporated in the BVI on 8 May 2015.

## 19. INTERESTS IN ASSOCIATES

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Cost of investments, unlisted	133,100	133,100	106,100	—
Share of post-acquisition results and reserves, net of dividends received	88,378	93,162	87,183	—
	<u>221,478</u>	<u>226,262</u>	<u>193,283</u>	<u>—</u>

Details of the Group's interests in associates are as follows:

Name of associate	Place of establishment and operation	Registered capital	Proportion of registered capital and voting power held by the Group				At 31 August 2015	At date of the report	Principal activity
			At 31 December 2012	At 31 December 2013	At 31 December 2014	At 31 December 2015			
Zhejiang Guangyuan Property Development Co., Ltd. 浙江廣源房地產開發有限公司 (“Zhejiang Guangyuan”)	PRC	RMB50,000,000	45%	45%	45%	—	—	Property development	
Tongxiang Jia Yuan Property Development Co., Ltd. 桐鄉市佳源房地產開發有限公司 (“Tongxiang Jia Yuan”)	PRC	RMB20,000,000 (Note)	35%	35%	35%	—	—	Property development	



Name of associate	Place of establishment and operation	Registered capital	Proportion of registered capital and voting power held by the Group				At		Principal activity
			At 31 December			At 31 August	date of		
			2012	2013	2014	2015	the report		
Haiyan Jia Yuan Property Development Co., Ltd. 海鹽縣佳源房地產開發有限公司 (“Haiyan Jia Yuan”)	PRC	RMB236,250,000	31.76%	31.76%	31.76%	—	—	Property development	
Zhejiang Jia Yuan Property Management Co., Ltd. 浙江佳源物業管理有限公司 (“Jia Yuan Property”)	PRC	RMB5,000,000	—	—	20%	—	—	Property management	

*Note:* The registered capital was reduced from RMB100,000,000 to RMB20,000,000 during the year ended 31 December 2014.

During the eight months ended 31 August 2015, the Group carried out the Reorganisation pursuant to which the Group had disposed of the entire 45% equity interest in Zhejiang Guangyuan, 35% equity interest in Tongxiang Jia Yuan and 31.76% equity interest in Haiyan Jia Yuan to entities controlled by the Ultimate Shareholder. The loss on disposal of these associates is calculated as follows:

	<b>Zhejiang Guangyuan</b> <i>RMB'000</i>	<b>Tongxiang Jia Yuan</b> <i>RMB'000</i>	<b>Haiyan Jia Yuan</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
Proceeds of disposal	22,590	7,810	75,600	106,000
Carrying amount of the associates on the date of loss of significant influence	<u>(32,582)</u>	<u>(22,101)</u>	<u>(68,199)</u>	<u>(122,882)</u>
Loss on disposal	<u><u>(9,992)</u></u>	<u><u>(14,291)</u></u>	<u><u>7,401</u></u>	<u><u>(16,882)</u></u>

In addition, the Group had disposed of the entire 20% equity interest in Jia Yuan Property through the disposal of its subsidiary, Jin Jiang, as detailed in note 32.

Summarised financial information prepared in accordance with HKFRSs in respect of the Group's associates and reconciliation to the carrying amount of the interests in associates are set out below.

**Zhejiang Guangyuan**

	<b>At 31 December</b>		
	<b>2012</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Non-current assets	498,132	455,965	421,490
Current assets	<u>171,875</u>	<u>204,228</u>	<u>194,894</u>
Total assets	670,007	660,193	616,384
Current liabilities	<u>(447,121)</u>	<u>(436,639)</u>	<u>(340,180)</u>
Non-current liabilities	<u>—</u>	<u>—</u>	<u>(70,000)</u>
Net assets	222,886	223,554	206,204
Proportion of the Group's ownership in Zhejiang Guangyuan	45%	45%	45%
Carrying amount of the Group's share of net assets	<u>100,299</u>	<u>100,600</u>	<u>92,792</u>

	<b>Year ended 31 December</b>		
	<b>2012</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Revenue	<u>20,654</u>	<u>15,815</u>	<u>42,693</u>
(Loss) profit for the year	<u>(341)</u>	<u>668</u>	<u>(17,350)</u>

**Tongxiang Jia Yuan**

	<b>At 31 December</b>		
	<b>2012</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Non-current assets	279,026	365,922	365,430
Current assets	<u>1,778,368</u>	<u>715,130</u>	<u>473,115</u>
Total assets	2,057,394	1,081,052	838,545
Current liabilities	<u>(1,919,935)</u>	<u>(929,000)</u>	<u>(769,929)</u>
Net assets	<u>137,459</u>	<u>152,052</u>	<u>68,616</u>
Proportion of the Group's ownership in Tongxiang Jia Yuan	35%	35%	35%
Carrying amount of the Group's share of net assets	<u>48,111</u>	<u>53,218</u>	<u>24,016</u>

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Revenue	<u>697,207</u>	<u>423,829</u>	<u>44,674</u>
Profit (loss) for the year	<u>140,561</u>	<u>59,606</u>	<u>(11,551)</u>
Dividend received from the associate during the year	<u>—</u>	<u>5,750</u>	<u>—</u>

**Haiyan Jia Yuan**

	At 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Non-current assets	23,612	23,939	20,414
Current assets	<u>819,314</u>	<u>970,205</u>	<u>773,060</u>
Total assets	842,926	994,144	793,474
Current liabilities	(560,862)	(766,046)	(418,230)
Non-current liabilities	<u>(52,000)</u>	<u>—</u>	<u>(137,600)</u>
Net assets	<u>230,064</u>	<u>228,098</u>	<u>237,644</u>
Proportion of the Group's ownership in Haiyan Jia Yuan	31.76%	31.76%	31.76%
Carrying amount of the Group's share of net assets	<u>73,068</u>	<u>72,444</u>	<u>75,475</u>

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Revenue	<u>—</u>	<u>61,726</u>	<u>365,500</u>
(Loss) profit for the year	<u>(3,584)</u>	<u>(1,966)</u>	<u>9,546</u>

**Jia Yuan Property**

	At 31 December
	2014
	RMB'000
Non-current assets	3,610
Current assets	<u>277,432</u>
Total assets	281,042
Current liabilities	<u>(304,119)</u>
Net liabilities	<u>(23,077)</u>
Proportion of the Group's ownership in Jia Yuan Property	20%
Group's share of net liabilities not recognised	<u>(4,615)</u>

	<b>Year ended 31 December 2014</b> <i>RMB'000</i>
Revenue	46,459
Loss for the year	(26,051)

## 20. PREPAYMENT AND DEPOSIT PAID FOR A LIFE INSURANCE POLICY

In 2015, Hong Kong Jia Yuan entered into a life insurance policy with an insurance company on Ms. Cheuk Hiu Nam, a director of the Company. Under the policy, Hong Kong Jia Yuan, being the beneficiary and policy holder, is required to pay an upfront payment for the policy. Hong Kong Jia Yuan may request a partial surrender or full surrender of the policy at any time and receive cash back based on the value of the policy at the date of withdrawal, which is determined by the gross premium paid at inception plus accumulated guaranteed interest earned and minus insurance premium charged (the "Cash Value"). If such withdrawal is made at any time during the first to the eighteenth policy year, as appropriate, a pre-determined specified surrender charge would be imposed.

At the inception date, the upfront payment is separated into deposit placed and prepayment of life insurance premium, amounting to US\$1,036,000 (equivalent to RMB6,563,000) and US\$477,000 (equivalent to RMB3,021,000), respectively, according to the terms set out in the policy. The prepayment of life insurance premium is amortised to profit or loss over the insured period and the deposit placed is carried at amortised cost using the effective interest method. The deposit placed for the life insurance policy carries guaranteed interests at interest rates ranging from 2% to 4.2% per annum plus a premium determined by the insurance company during the tenures of the policy. The effective interest rate on initial recognition was determined by discounting the estimated future cash receipts through the expected life of the insurance policy, excluding the financial effect of surrender charge.

Particulars of the policy are as follows:

<b>Insured sum</b>	<b>Upfront payment</b>	<b>Guaranteed interest rates</b>	
		<b>First year</b>	<b>Second year and onwards</b>
US\$9,500,000 (equivalent to RMB60,182,000)	US\$1,513,000 (equivalent to RMB9,584,000)	4.2% per annum	2% per annum

The carrying amounts of deposit placed and prepayment of life insurance premium at 31 August 2015 are set out as below:

	<b>At 31 August 2015</b> <i>RMB'000</i>
Deposit paid	6,563
Prepayment	3,021
	<u>9,584</u>

The carrying amounts of the prepayment and deposit paid for a life insurance policy as at 31 August 2015 approximate the Cash Value of the insurance policy and the expected life of the policy remained unchanged from the initial recognition. The entire balance of the life insurance policy is denominated in US\$.

## 21. DEFERRED TAX

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Relevant Periods:

	Accrued LAT <i>RMB'000</i>	Fair value of investment properties <i>RMB'000</i>	Deferred income <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2012	—	(19,151)	29,131	13,226	23,206
Credit (charge) to profit or loss	<u>3,588</u>	<u>(6,186)</u>	<u>27,471</u>	<u>6,547</u>	<u>31,420</u>
At 31 December 2012	3,588	(25,337)	56,602	19,773	54,626
Credit (charge) to profit or loss	<u>4,469</u>	<u>(32,343)</u>	<u>31,508</u>	<u>(14,743)</u>	<u>(11,109)</u>
At 31 December 2013	8,057	(57,680)	88,110	5,030	43,517
Credit (charge) to profit or loss	<u>9,263</u>	<u>(44,650)</u>	<u>14,555</u>	<u>29,881</u>	<u>9,049</u>
At 31 December 2014	17,320	(102,330)	102,665	34,911	52,566
Credit (charge) to profit or loss	3,939	(66,029)	11,308	2,686	(48,096)
Disposal of subsidiaries	<u>—</u>	<u>557</u>	<u>(21,280)</u>	<u>(5,986)</u>	<u>(26,709)</u>
At 31 August 2015	<u><u>21,259</u></u>	<u><u>(167,802)</u></u>	<u><u>92,693</u></u>	<u><u>31,611</u></u>	<u><u>(22,239)</u></u>

	At 31 December			At
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysed for reporting purpose as:				
Deferred tax assets	79,963	101,197	154,896	145,563
Deferred tax liabilities	<u>(25,337)</u>	<u>(57,680)</u>	<u>(102,330)</u>	<u>(167,802)</u>
	<u><u>54,626</u></u>	<u><u>43,517</u></u>	<u><u>52,566</u></u>	<u><u>(22,239)</u></u>

At 31 December 2012, 2013 and 2014 and 31 August 2015, the Group had unused tax losses of RMB151,041,000, RMB115,974,000, RMB267,695,000 and RMB243,544,000 respectively, available to offset against future profits. Deferred tax assets have been recognised in respect of tax losses of RMB79,089,000, RMB20,119,000, RMB139,643,000 and RMB126,444,000, respectively. No deferred tax asset has been recognised for the remaining tax losses due to the unpredictability of future profit streams. The unrecognised tax losses will expire in the following years:

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
2015	7,192	7,192	7,192	—
2016	40,671	40,348	40,348	35,655
2017	24,089	24,089	24,089	19,268
2018	—	24,226	24,226	13,718
2019	—	—	32,197	29,663
2020	—	—	—	18,796
	<u>71,952</u>	<u>95,855</u>	<u>128,052</u>	<u>117,100</u>

## 22. INVENTORIES OF PROPERTIES

The Group's inventories of properties are situated in the PRC. All of the inventories of properties are stated at the lower of cost and net realisable value. As at 31 December 2012, 2013 and 2014 and 31 August 2015, properties under development of RMB3,370,368,000, RMB6,239,056,000, RMB7,213,671,000 and RMB4,572,377,000 are expected not to be realised within twelve months from the end of the reporting date, respectively.

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Properties held for sale	325,908	850,663	889,457	780,829
Properties under development	<u>5,146,592</u>	<u>7,957,981</u>	<u>8,149,453</u>	<u>7,192,966</u>
	<u>5,472,500</u>	<u>8,808,644</u>	<u>9,038,910</u>	<u>7,973,795</u>

**23. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK**

	At 31 December			At
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2015</i>
				<i>RMB'000</i>
Contract costs incurred plus recognised profit less recognised losses	497,096	908,112	1,342,647	1,342,486
Less: progress billings	<u>(549,107)</u>	<u>(625,974)</u>	<u>(601,988)</u>	<u>(1,157,872)</u>
	<u>(52,011)</u>	<u>282,138</u>	<u>740,659</u>	<u>184,614</u>
Analysed for reporting purposes as:				
Amounts due from contract customers	—	282,138	740,659	184,614
Amounts due to contract customers	<u>(52,011)</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>(52,011)</u>	<u>282,138</u>	<u>740,659</u>	<u>184,614</u>

There are no retentions held by customers for contract works at 31 December 2012, 2013 and 2014 and 31 August 2015.

**24. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	At 31 December			At
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>2015</i>
				<i>RMB'000</i>
Rental receivables	1,252	6,025	11,090	14,732
Prepaid construction costs	100,162	124,188	181,237	596,952
Prepaid business and other taxes	148,579	124,884	144,001	185,856
Prepayments for acquisition of self-use property	—	13,714	—	—
Deposits for acquisition of land use rights	13,286	82,166	28,737	53,737
Projects related deposits	45,691	197,511	104,025	80,534
Deposit for trust financing arrangement ( <i>Note 1</i> )	—	—	—	23,000
Other deposits	6,545	7,986	7,467	15,549
Other receivables ( <i>Note 2</i> )	<u>63,270</u>	<u>64,915</u>	<u>89,297</u>	<u>73,683</u>
	378,785	621,389	565,854	1,044,043
Less: Non-current portion of deposits and prepayments	<u>—</u>	<u>(13,714)</u>	<u>—</u>	<u>(23,000)</u>
Current portion	<u>378,785</u>	<u>607,675</u>	<u>565,854</u>	<u>1,021,043</u>



*Notes:*

- (1) The amount is deposited in a trust financing company for raising trust loan to a subsidiary of the Group, in which the final repayment date is scheduled to be in July 2017. The deposit will be refunded to the Group upon full repayments of the trust loan.
- (2) Other receivables mainly represent advances to staff and temporary payments made to contractors.

The Group allows an average credit period of 30 days to its trade customers. There is no trade receivable are noted at 31 December 2012, 2013 and 2014 and 31 August 2015.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

No allowance for doubtful debts on trade and other receivables are noted at 31 December 2012, 2013 and 2014 and 31 August 2015.

**25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	At 31 December			At 31 August
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at FVTPL comprise of:				
Unlisted investments ( <i>Note</i> ):				
— Trust funds	<u>8,990</u>	<u>4,690</u>	<u>4,000</u>	<u>—</u>

*Note:* The balance represented investments in unlisted trust funds issued by financial institutions established in the PRC.

**26. RESTRICTED/PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH**

Pledged bank deposits are denominated in RMB which mainly represent deposits pledged to banks as at 31 December 2012, 2013 and 2014 and 31 August 2015, to secure the mortgage guarantees provided to customers, amounting to RMB42,600,000, RMB50,263,000, RMB46,375,000 and RMB53,015,000 respectively. The pledge will be released upon obtaining building ownership certificates by buyers. The deposits carry fixed rate of interest at 0.35%, 0.35%, 0.35% and 0.35% per annum at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively.

Restricted bank deposits are balances which, in accordance with the applicable government regulations prevailing as at 31 December in 2012, 2013 and 2014 and 31 August 2015, are placed in restricted bank deposits, amounting to nil, nil, RMB29,426,000, RMB113,436,000 respectively which can only be applied in designated property development projects. These bank balances carry prevailing interest at 0.35% and 0.35% per annum at 31 December 2014 and 31 August 2015, respectively.

Bank balances and cash comprise cash held by the Group and demand deposits with an original maturity of three months or less. Bank balances carry prevailing market interest rates ranging from 0.01% to 0.30%, 0.01% to 0.50%, 0.01% to 2.30%, 0.01% to 2.30% per annum, at 31 December 2012, 2013 and 2014 and 31 August 2015, respectively.

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Analysis of restricted cash/bank balances and cash by currency:				
— Denominated in RMB	123,450	205,748	101,383	209,472
— Denominated in HK\$	8	463	2,511	5,112
— Denominated in US\$	1,232	892	609	615
— Denominated in Canadian dollars	—	—	1,613	959
	<u>124,690</u>	<u>207,103</u>	<u>106,116</u>	<u>216,158</u>

## 27. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

### The Group

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Trade payables	154,447	267,026	385,072	294,858
Business and other taxes payable	7,936	11,173	35,430	8,798
Accrued charges ( <i>Note 1</i> )	295,647	305,642	467,072	182,060
Deferred income ( <i>Note 2</i> )	229,874	357,670	420,019	375,175
Payables for acquisition of land	298,744	287,813	247,462	245,462
Amounts due to non-controlling shareholders ( <i>Note 3</i> )	29,120	184,020	118,657	28,220
Deposits related to sales of properties	274,253	109,603	55,849	39,675
Consideration payable for acquisitions of a subsidiary/ an associate	—	—	33,806	—
Consideration payable for acquisition of additional interest of a subsidiary	—	—	—	14,100
Deposits and other payables ( <i>Note 4</i> )	12,565	52,656	69,264	115,743
Other unsecured interest-free advances	76,406	21,538	35,160	94,410
	<u>1,378,992</u>	<u>1,597,141</u>	<u>1,867,791</u>	<u>1,398,501</u>
Less: non-current portion of deferred income	<u>(223,075)</u>	<u>(346,949)</u>	<u>(404,210)</u>	<u>(365,156)</u>
Current portion	<u>1,155,917</u>	<u>1,250,192</u>	<u>1,463,581</u>	<u>1,033,345</u>

*Notes:*

- (1) Accrued charges mainly include construction cost accrued based on construction progress.
- (2) Deferred income comprised (i) deferred rental income from the Group's investment properties and (ii) deferred income arising from transfer of land use right of underground car parks which no building ownership certificate was obtained by the Group. The income arising from sales of underground car parks is released to profit or loss as rental income and amortised on a straight line basis over the period of the land use right.
- (3) Amounts due to non-controlling shareholders are non-trade, unsecured, interest free and repayable on demand.
- (4) Deposits and other payables mainly represent accrued loan interest and various deposits received from contractors in relation to tendering and execution of construction contracts.

Trade payables comprise construction costs and other project-related expenses which are payable based on project progress measured by the Group. The average credit period of trade payable is 30 days.

The following is an aged analysis of trade payables, presented based on the invoice date, at the end of the reporting period:

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
0–30 days	54,340	147,836	194,389	39,984
31–90 days	9,362	15,980	44,670	19,376
91–180 days	5,337	16,425	19,002	50,358
181–360 days	8,214	20,689	32,321	78,424
Over 360 days	77,194	66,096	94,690	106,716
	<u>154,447</u>	<u>267,026</u>	<u>385,072</u>	<u>294,858</u>

**The Company**

The balance of the Company as at 31 August 2015 mainly represented the accrued listing expenses.

**28. BANK AND OTHER BORROWINGS**

	At 31 December			At 31
	2012	2013	2014	August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Bank loans, secured	411,499	1,064,590	1,509,024	1,048,015
Trust loans, secured ( <i>note (d)</i> )				
— Conventional loans				
( <i>note (e)</i> )	400,000	1,700,000	1,630,000	2,980,000
— Loans with obligation to				
repurchase equity interest				
( <i>note (f)</i> )	800,000	960,000	160,000	—
Other loans, secured ( <i>note (g)</i> )	120,000	117,000	1,069,000	960,000
Other loans, unsecured	253,294	498,969	476,122	279,928
	<u>1,984,793</u>	<u>4,340,559</u>	<u>4,844,146</u>	<u>5,267,943</u>

Bank and other borrowings amounting to RMB1,731,499,000, RMB3,287,000,000, RMB3,795,357,000 and RMB4,393,770,000 as at 31 December 2012, 2013 and 2014 and 31 August 2015 respectively are secured by the pledge of assets as set out in note 34, out of which RMB1,731,499,000, RMB3,254,000,000, RMB3,758,857,000 and RMB4,393,770,000 are also guaranteed by a director of the Company and related parties as set out in note 39.

Bank and other borrowings of nil, RMB554,590,000, RMB572,667,000 and RMB594,245,000 as at 31 December 2012, 2013 and 2014 and 31 August 2015 respectively are unguaranteed, and secured by cash collateral placed by a related company which is under the common control of the Ultimate Shareholder.

Unsecured other borrowings of RMB14,000,000, RMB34,000,000, RMB14,000,000 and nil as at 31 December 2012, 2013 and 2014 and 31 August 2015 respectively are guaranteed by a director of the Company and related parties as set out in note 39.

(a) The borrowings are repayable:

	At 31 December			At 31 August
	2012	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within one year or on demand	640,793	2,480,559	2,836,246	2,493,543
More than one year, but not exceeding two years	1,344,000	1,720,000	2,007,900	2,774,400
More than two years, but not exceeding five years	—	140,000	—	—
	<u>1,984,793</u>	<u>4,340,559</u>	<u>4,844,146</u>	<u>5,267,943</u>
Less: Amount due within one year shown under current liabilities	<u>(640,793)</u>	<u>(2,480,559)</u>	<u>(2,836,246)</u>	<u>(2,493,543)</u>
Amount due after one year	<u><u>1,344,000</u></u>	<u><u>1,860,000</u></u>	<u><u>2,007,900</u></u>	<u><u>2,774,400</u></u>

At 31 December 2012, 2013 and 2014 and 31 August 2015, the Group has unutilised banking facilities of nil, nil, RMB9,520,000 and RMB580,000,000, respectively.

Except for bank and other borrowings of nil, RMB554,590,000, RMB612,424,000 and RMB654,415,000 which are denominated in HK\$ as at 31 December 2012, 2013 and 2014 and 31 August 2015 respectively, all the bank and other borrowings are denominated in RMB.

(b) Fixed-rate borrowings amount to RMB1,573,294,000, RMB3,325,969,000, RMB3,931,723,000 and RMB4,613,528,000 carry interest ranging from 13.6% to 24%, 8.40% to 27.6%, 6% to 36% and 9.8% to 36% per annum at 31 December 2012, 2013 and 2014 and 31 August 2015 respectively, and expose the Group to fair value interest rate risk. The remaining borrowings are arranged at variable rates with the effective interest rates ranging from 6.15% to 8.00%, 3.14% to 8.00%, 2.30% to 3.24% and 1.74% to 3.24% per annum at 31 December 2012, 2013 and 2014 and 31 August 2015 respectively, and expose the Group to cash flow interest rate risk.

(c) The range of effective interest rates at the end of each reporting period is as follows:

	<b>2012</b>	<b>At 31 December 2013</b>	<b>2014</b>	<b>At 31 August 2015</b>
Bank loans	<u>6.15% to 8%</u>	<u>3.14% to 8.4%</u>	<u>2.3% to 15.96%</u>	<u>1.74% to 15.96%</u>
Trust loans	<u>14.7% to 20.4%</u>	<u>8.74% to 20.4%</u>	<u>8.74 to 14.5%</u>	<u>12.9% to 14.5%</u>
Other loans	<u>6% to 24%</u>	<u>6.15% to 27.6%</u>	<u>7.5% to 36%</u>	<u>13% to 36%</u>

(d) The borrowings are in the form of trust arrangement with trust financing companies. The conventional loan arrangements are loan agreements entered into between the Group and trust financing companies. The trust arrangement with obligation to repurchase equity interest involves capital increase in project company with repurchase obligation at the maturity. The substance of the latter type of the trust arrangements is borrowings, with the equity interest in the project company legally transferred as collateral.

(e) The following table sets out details of the conventional loans as at 31 December 2012, 2013 and 2014 and 31 August 2015:

Name of subsidiary	<b>At 31 December</b>			<b>At 31 August</b>	Maturity date
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Nanjing Xinhaoning	—	—	—	1,000,000	29 July 2017
Nanjing Xinhaoning	—	—	—	500,000	29 January 2017
Nanjing Xinhaoning	—	—	—	800,000	28 July 2016
Suqian Jia Yuan	—	500,000	500,000	—	21 March 2015
Siyang Fengyuan	—	—	530,000	530,000	28 October 2016
Taixing Guangyuan	—	800,000	600,000	—	8 September 2015
					<i>(Note)</i>
Taixing Hengyuan	—	—	—	150,000	29 July 2017
Taizhou Jia Yuan	<u>400,000</u>	<u>400,000</u>	<u>—</u>	<u>—</u>	28 November 2014
	<u>400,000</u>	<u>1,700,000</u>	<u>1,630,000</u>	<u>2,980,000</u>	

*Note:* This loan has been fully repaid in July 2015.

- (f) The following table sets out details of the trust loans with obligation to repurchase equity interest as at 31 December 2012, 2013 and 2014 and 31 August 2015:

Name of subsidiary	At 31 December			At 31 August	Maturity date
	2012	2013	2014	2015	
	RMB'000	RMB'000	RMB'000	RMB'000	
Taixing Guangyuan	800,000	800,000	—	—	22 May 2014
Taixing Hengyuan	—	160,000	160,000	—	22 May 2015
	<u>800,000</u>	<u>960,000</u>	<u>160,000</u>	<u>—</u>	

- (g) Other loans mainly represent secured loans from asset management companies.

## 29. PAID-IN/SHARE CAPITAL

### The Group

For the purpose of the presentation of the Financial Information, the paid-in capital of the Group at 1 January 2012, 31 December 2012, 2013, and 2014 represented the aggregate amount of the paid-in capital of the holding companies and individual companies comprising the Group existed at those dates and have not been eliminated prior to the completion of the Reorganisation.

The share capital of the Group at 31 August 2015 represented the unpaid share capital of the Company, being one share issued at par value of HK\$0.01 each.

### The Company

On 5 May 2015, the Company was incorporated as an exempted company with limited liability in the Cayman Islands. As at the date of incorporation, the Company's initial authorised share capital was HK\$380,000, divided into 38,000,000 shares of a par value of HK\$0.01 each, of which 1 unpaid subscriber share was allotted to Mingyuan Investment as the initial subscriber.

## 30. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

### Subsidiaries acquired

2013	Principal activity	Date of acquisition	Proportion of equity interest acquired	Consideration transferred RMB'000
Guo Xiang	Investment holding	30 August 2013	100%	1,200,000 (Note 1)
Nanjing Jia Feng (Note 2)	Investment holding	17 September 2013	100%	200,000

*Notes:*

- (1) The consideration of RMB1,200,000,000 included the acquisition of Guo Xiang and its 99% owned subsidiary, Nanjing Xinhaoning which engaged in property development.
- (2) The remaining 1% equity interest in Nanjing Xinhaoning was held by Nanjing Jia Feng.

Guo Xiang and Nanjing Jia Feng were acquired from independent third parties so as to continue the expansion of the Group's property development operations.

**Consideration transferred**

	<i>RMB'000</i>
Total cash consideration	<u>1,400,000</u>

**Assets acquired and liabilities recognised at the date of acquisition**

	<i>RMB'000</i>
<b>Non-current asset</b>	
Property and equipment	19
<b>Current assets</b>	
Inventories — Properties under development	1,384,142
Other receivables	50,010
Amounts due from related parties	6
Bank balances and cash	17,925
<b>Current liabilities</b>	
Other payables	(2,063)
Amounts due to related parties	<u>(50,039)</u>
	<u>1,400,000</u>

**Net cash flow on acquisition of subsidiaries**

	<b>2013</b>
	<i>RMB'000</i>
Consideration paid in cash	1,400,000
Less: bank balances and cash acquired	<u>(17,925)</u>
	<u>1,382,075</u>



**Subsidiary acquired**

2014	Principal activity	Date of acquisition	Proportion of equity interest	Consideration transferred <i>RMB'000</i>
Tongxiang Yuanshun	Hotel operation	19 March 2014	90%	32,806

Tongxiang Yuanshun was acquired from an independent third party so as to explore the Group's hotel operation.

**Consideration transferred**

	<i>RMB'000</i>
Consideration payable	<u>32,806</u>

The consideration payable is unsecured, interest-free and repayable on demand.

**Assets acquired and liabilities recognised at the date of acquisition**

	<b>Tongxiang Yuanshun</b> <i>RMB'000</i>
Non-current asset	
Property and equipment — construction in progress	35,874
Current assets	
Amounts due from related parties	1,977
Bank balances and cash	3
Current liability	
Other payables	<u>(1,509)</u>
	<u>36,345</u>
	<b>Tongxiang Yuanshun</b> <i>RMB'000</i>
Consideration	32,806
Plus: non-controlling interests	3,539
Less: fair value of identifiable net assets acquired	<u>(36,345)</u>
	<u>—</u>

## Net cash flows on acquisition of subsidiary

RMB'000

Unpaid consideration recognised as other payables as at 31 August 2014 and 31 December 2014	32,806
Bank balances and cash acquired	3

## 31. DISCONTINUED OPERATIONS

Pursuant to the Reorganisation, some of the companies have been carved out from the Group in order to achieve that only the project companies located in the Target Cities become subsidiaries of the Company. Those other property operations being carved out are presented as discontinued operations. The disposal of the carved out companies was completed on 2 June 2015 through a number of disposal of subsidiaries, details of which are set out in Note 32.

The results of the discontinued operations for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2014 and 2015, which have been included in the consolidated statements of profit or loss and other comprehensive income, were as follows:

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)				
Revenue	298,823	188,050	68,148	37,706	2,164
Cost of sales	(260,240)	(254,761)	(45,701)	(20,712)	(712)
Gross profit (loss)	38,583	(66,711)	22,447	16,994	1,452
Other income	207	152	806	590	121
Other gains and losses	(8)	2,319	2	4	2
Change in fair value of investment properties	830	650	360	220	200
Distribution and selling expenses	(481)	(2,436)	(7,362)	(3,000)	(8,078)
Administrative expenses	(8,599)	(11,908)	(12,361)	(8,467)	(6,303)
Finance costs	—	(162)	(29,550)	(19,200)	(6,999)
Share of results of associates	28,322	10,034	(5,979)	3,690	(5,864)
Other expenses	(10)	(2,501)	(240)	(20)	(97)
Profit (loss) before taxation	58,844	(70,563)	(31,877)	(9,189)	(25,566)
Income tax (expense) credit	(5,941)	2,594	2,134	583	2,221
Profit (loss) for the year/period	52,903	(67,969)	(29,743)	(8,606)	(23,345)

Profit (loss) for the year/period from discontinued operations has been arrived at after charging (crediting):

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Staff salaries and allowance	3,690	5,722	5,275	3,771	2,165
Retirement benefits scheme contributions	765	931	1,258	982	350
Total staff cost	4,455	6,653	6,533	4,753	2,515
Auditors' remuneration	15	26	91	19	5
Cost of properties recognised as expenses	260,240	254,761	45,701	20,712	712
Interest income	(9)	(26)	(49)	(8)	(6)
Depreciation of property and equipment	912	888	876	624	282
Rental income from investment properties (net of negligible outgoings)	751	751	751	501	375
Finance costs					
— Interest on bank and other borrowings wholly repayable within five years	—	162	29,550	19,200	6,999

Cash flows for the years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2014 and 2015 were as follows:

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Net cash from (used in) operating activities	87,120	(1,419,365)	170,970	68,677	204,017
Net cash (used in) from investing activities	(256,184)	376,093	28,054	(49,579)	(21,021)
Net cash from (used in) financing activities	165,894	1,043,155	(198,321)	(19,964)	(180,192)
Net cash (outflows) inflows	(3,170)	(117)	703	(866)	2,804

The carrying amounts of the assets and liabilities attributable to the discontinued operations at the date of disposal are disclosed in note 32.

**32. DISPOSAL OF SUBSIDIARIES**

On 9 October 2012, the Group disposed of its entire 100% equity interest in Huzhou Xinyuan Construction Management Co., Ltd. (湖州鑫源建設管理有限公司) which carried out construction management operations for a consideration of RMB137,000,000 to an entity controlled by the Ultimate Shareholder.

**Analysis of asset and liabilities over which control was lost**

	<i>RMB'000</i>
<i>Current assets</i>	
Properties under development	28,073
Other receivables	30,000
Amounts due from related parties	79,791
Bank balance and cash	19
<i>Current liabilities</i>	
Payables	(34)
Amounts due to related parties	(4,900)
Net assets disposed of	<u>132,949</u>

**Gain on disposal of a subsidiary**

	<i>RMB'000</i>
Consideration received	137,000
Net assets disposed of	<u>(132,949)</u>
Gain on disposal	<u>4,051</u>

The gain on disposal is included in other gains and losses from continuing operations (see note 9).

**Net cash inflow on disposal of a subsidiary**

	<i>RMB'000</i>
Cash consideration received	137,000
Less: bank balances and cash disposed of	<u>(19)</u>
	<u>136,981</u>

During the eight months ended 31 August 2015, the Group carried out the Reorganisation pursuant to which the Group had disposed of the following subsidiaries:

- (a) On 18 April 2015, the Group disposed of entire equity interests in Jin Jiang which carried out hotel operations in the PRC through its non-wholly owned subsidiary for a consideration of HK\$1.
- (b) On 29 May 2015, the Group disposed of entire 80% equity interests in Fundland Development which carried out property development in the PRC through its wholly owned subsidiary for a consideration of HK\$1.
- (c) On 21 May 2015, the Group disposed of entire 60% equity interests in Jiaxing Jindi which carried out property development in the PRC for a consideration of RMB144,000,000.
- (d) On 15 May 2015, the Group disposed of entire 90% equity interests in Haining Jia Yuan which, together with its 80% owned subsidiary Haining Hongxiang (the "Haining Jia Yuan Group"), carried out property development in the PRC for a consideration of RMB252,900,000.
- (e) On 2 June 2015, the Group disposed of entire equity interests in Jiaxing Jinyuan which carried out property investment in the PRC for a consideration of RMB25,200,000.

***Analysis of assets and liabilities over which control was lost***

	Jin Jiang RMB'000	Fundland Development RMB'000	Jiaxing Jindi RMB'000	Haining Jia Yuan Group RMB'000	Jiaxing Jinyuan RMB'000	Total RMB'000
<i>Non-current assets</i>						
Investment properties	—	—	—	—	26,280	26,280
Property and equipment	44,779	56	374	1,140	—	46,349
Interests in associates	1,000	—	—	—	—	1,000
Deferred tax assets	—	—	21,280	5,986	—	27,266
<i>Current assets</i>						
Properties held for sale	—	—	37,148	—	—	37,148
Properties under development	—	—	350	1,564,675	—	1,565,025
Other receivables, deposits and prepayments	915	2,998	11,446	41,515	4,196	61,070
Tax recoverable	—	—	7,067	11,118	—	18,185
Amounts due from related parties	4,446	—	307,527	33,735	4,568	350,276
Restricted/pledged bank deposits	—	—	—	8,628	—	8,628
Bank balances and cash	15	258	2,093	5,784	229	8,379
<i>Current liabilities</i>						
Trade and other payables and accrued expenses	(51,101)	(4,594)	(30,323)	(103,168)	(64)	(189,250)
Pre-sale deposits received	—	—	—	(591,660)	—	(591,660)
Amounts due to related parties	(3)	—	(134,427)	(223,258)	—	(357,688)
Bank and other borrowings	—	—	(30,394)	(409,020)	—	(439,414)
<i>Non-current liabilities</i>						
Deferred income	—	—	(83,540)	—	—	(83,540)
Deferred tax liabilities	—	—	—	—	(557)	(557)
Net assets (liabilities) disposed of	<u>51</u>	<u>(1,282)</u>	<u>108,601</u>	<u>345,475</u>	<u>34,652</u>	<u>487,497</u>

*Gain (loss) on disposal of subsidiaries*

	Jin Jiang RMB'000	Fundland Development RMB'000	Jiaying Jindi RMB'000	Haining Jia Yuan Group RMB'000	Jiaying Jinyuan RMB'000	Total RMB'000
Consideration receivable	—	—	144,000	252,900	25,200	422,100
Non-controlling interests	3,190	(4,048)	61,648	110,605	—	171,395
Net (assets) liabilities disposed of	(51)	1,282	(108,601)	(345,475)	(34,652)	(487,497)
Gain (loss) on disposal	<u>3,139</u>	<u>(2,766)</u>	<u>97,047</u>	<u>18,030</u>	<u>(9,452)</u>	<u>105,998</u>

The net gain on disposal is recognised in other reserve.

*Net cash inflow (outflow) on disposal of subsidiaries*

	Jin Jiang RMB'000	Fundland Development RMB'000	Jiaying Jindi RMB'000	Haining Jia Yuan Group RMB'000	Jiaying Jinyuan RMB'000	Total RMB'000
Consideration received in cash	—	—	—	—	—	—
Less: Bank balances and cash disposed of	(15)	(258)	(2,093)	(5,784)	(229)	(8,379)
	<u>(15)</u>	<u>(258)</u>	<u>(2,093)</u>	<u>(5,784)</u>	<u>(229)</u>	<u>(8,379)</u>

The consideration for the disposal of Jiaying Jinyuan of RMB25,200,000 was settled through decrease in amount due to a director. As at 31 August 2015, the consideration for the disposal of other subsidiaries of totally RMB396,900,000 was still outstanding and the amount was included in amounts due from related parties.

**33. RETIREMENT BENEFIT PLANS**

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in defined contribution retirement schemes administrated by the local municipal government. The Company's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary as required by local municipal government to the schemes to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

The Group also operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme, which contributions is matched by employees.

**34. PLEDGE OF ASSETS**

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Life insurance policy	—	—	—	9,584
Property and equipment	—	—	80,483	79,393
Investment properties	355,647	475,604	763,383	1,128,360
Properties under development	3,442,580	3,728,023	4,018,044	6,027,182
Properties held for sale	187,660	331,958	269,335	321,304
	<u>3,985,887</u>	<u>4,535,585</u>	<u>5,131,245</u>	<u>7,565,823</u>

**35. OPERATING LEASE COMMITMENTS****The Group as lessee**

At the end of the reporting period, the Group had commitments for future minimum lease payments in respect of leased properties under non-cancellable operating leases which fall due as follows:

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Within one year	160	376	408	656
In the second to fifth year inclusive	—	117	15	796
	<u>160</u>	<u>493</u>	<u>423</u>	<u>1,452</u>

Operating lease payments represent rentals payable by the Group for certain of its office premises and staff quarters. Leases are negotiated for terms ranging from 1 to 2 years with fixed rentals.

**The Group as lessor**

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Within one year	3,332	11,110	17,744	25,207
In the second to fifth year inclusive	64,931	71,456	71,078	110,120
After five years	121,548	103,912	86,546	89,480
	<u>189,811</u>	<u>186,478</u>	<u>175,368</u>	<u>224,807</u>



**36. COMMITMENTS**

At the end of the reporting period, the Group had the following commitments:

	At 31 December			At
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2015 <i>RMB'000</i>
Contracted but not provided for in the Financial Information:				
— Expenditure in respects of projects classified as properties under development for sales and investment properties under construction	4,613,648	5,411,111	5,246,967	3,927,928
— Expenditure in respect of acquisition of property and equipment	<u>—</u>	<u>59,416</u>	<u>—</u>	<u>—</u>

**37. CONTINGENT LIABILITIES**

	At 31 December			At
	2012	2013	2014	31 August
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	2015 <i>RMB'000</i>
Mortgage guarantees	<u>863,607</u>	<u>1,414,724</u>	<u>1,769,875</u>	<u>1,848,198</u>

The Group provided guarantees in respect of mortgage bank loans granted to purchasers of the Group's properties. In the opinion of the directors of the Company, the fair values of these financial guarantee contracts of the Group are insignificant at initial recognition and the directors of the Company consider that the possibility of default by the purchases of the Group's properties is remote, accordingly, no value has been recognised at the inception of the guarantee contracts and as at 31 December 2012, 2013 and 2014 and 31 August 2015.

Guarantees are given to banks with respect of loans procured by the purchasers of the Group's properties. Such guarantees will be released by banks upon the purchaser obtaining the relevant building ownership certificate and completion of the relevant mortgage registration.

## 38. SUBSIDIARIES

## (a) Composition of the Group

Information about the composition of Group at the end of each reporting period as follows:

Principal activities	Places of incorporation/ registration/ operation	Number of wholly owned subsidiaries held by the Company			At 31 August 2015
		At 31 December			
		2012	2013	2014	
Investment holding	BVI	—	—	—	1
	Hong Kong	—	—	2	1
	PRC	—	1	1	2
Property development	PRC	—	1	2	3
Property development and investment	PRC	7	7	7	8
Property investment	PRC	—	—	1	—
Investment and property holding	Hong Kong	—	—	1	1
		<u>7</u>	<u>9</u>	<u>14</u>	<u>16</u>

Principal activities	Places of incorporation/ registration/ operation	Number of non-wholly owned subsidiaries held by the Company			At 31 August 2015
		At 31 December			
		2012	2013	2014	
Property development	PRC	4	7	6	1
Property development and investment	PRC	1	1	1	—
Hotel operation	PRC	—	—	1	—
Investment holding	Hong Kong	1	3	1	—
Investment and property holding	Hong Kong	1	1	—	—
Property investment	PRC	<u>1</u>	<u>1</u>	<u>—</u>	<u>—</u>
		<u>8</u>	<u>13</u>	<u>9</u>	<u>1</u>

**(b) Details of non-wholly owned subsidiaries of the Company that have material non-controlling interests**

The table below shows details of non-wholly owned subsidiaries of the Company that have material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interest						Profit (loss) allocated to non-controlling interests						Accumulated non-controlling interest		
		At 31 December		At 31 August		Year ended		Year ended		Period ended		At 31 December		At 31 August		
		2012	2013	2014	2014	2014	2013	2012	2013	2014	2014	2014	2013	2012	2013	2014
		%	%	%	%	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
							(Unaudited)									
Changzhou Jinyuan	PRC	—	20	20	20	—	6,891	3,355	1,822	989	—	21,024	24,379	—	—	—
Jiaxing Jindi	PRC	40	40	40	40	10,858	(28,409)	(4,442)	(2,041)	(2,765)	97,264	68,855	64,413	—	—	—
Suqian Jia Yuan	PRC	10	10	10	10	3,541	6,057	(6,297)	(3,348)	1,640	15,423	51,781	125,483	12,168	—	—
Individually immaterial subsidiaries with non-controlling interests																
Total							(749)	(579)	(586)	(473)	(422)	(2,809)	(3,389)	(435)	—	—
							13,650	(16,040)	(7,970)	(4,040)	(558)	109,878	138,271	213,840	12,168	—

Summarised financial information in respect of each of the Company's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

*Changzhou Jinyuan*

	<b>At 31 December</b>		
	<b>2012</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Current assets	—	90,243	262,189
Non-current assets	—	90,076	129,241
Current liabilities	—	(63,249)	(249,980)
Non-current liabilities	—	(11,946)	(19,550)
Total equity	—	105,124	121,900
Equity attributable to owners of the Company	—	84,100	97,521
Non-controlling interests	—	21,024	24,379
	<b>Year ended 31 December</b>		
	<b>2012</b> <i>RMB'000</i>	<b>2013</b> <i>RMB'000</i>	<b>2014</b> <i>RMB'000</i>
Revenue	—	—	—
Other income	—	47,348	30,456
Expenses	—	(12,891)	(13,680)
Profit and total comprehensive income for the year	—	34,457	16,776
Profit attributable to owners of the Company	—	27,566	13,421
Profit attributable to the non-controlling interests	—	6,891	3,355
Net cash (outflow) inflow from operating activities	—	(89,944)	19,287
Net cash outflow from investing activities	—	(42,295)	(6,752)
Net cash inflow (outflow) from financing activities	—	133,667	(10,835)
Net cash inflow	—	1,428	1,700

*Jiaying Jindi*

	<b>At 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	<u>472,387</u>	<u>347,873</u>	<u>442,302</u>
Non-current assets	<u>283,553</u>	<u>331,042</u>	<u>58,133</u>
Current liabilities	<u>(445,418)</u>	<u>(423,660)</u>	<u>(255,208)</u>
Non-current liabilities	<u>(67,361)</u>	<u>(83,117)</u>	<u>(84,194)</u>
Total equity	<u>243,161</u>	<u>172,138</u>	<u>161,033</u>
Equity attributable to owners of the Company	<u>145,897</u>	<u>103,283</u>	<u>96,620</u>
Non-controlling interests	<u>97,264</u>	<u>68,855</u>	<u>64,413</u>

	<b>Year ended 31 December</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<u>298,073</u>	<u>187,300</u>	<u>67,397</u>
Expenses	<u>(270,927)</u>	<u>(258,323)</u>	<u>(78,502)</u>
Profit (loss) and total comprehensive income (expense) for the year	<u>27,146</u>	<u>(71,023)</u>	<u>(11,105)</u>
Profit (loss) attributable to owners of the Company	<u>16,288</u>	<u>(42,614)</u>	<u>(6,663)</u>
Profit (loss) attributable to the non-controlling interests	<u>10,858</u>	<u>(28,409)</u>	<u>(4,442)</u>
Net cash (outflow) inflow from operating activities	<u>(64,475)</u>	<u>(89,736)</u>	<u>44,836</u>
Net cash inflow (outflow) from investing activities	<u>47,351</u>	<u>(100,599)</u>	<u>148,404</u>
Net cash inflow (outflow) from financing activities	<u>16,777</u>	<u>190,485</u>	<u>(195,270)</u>
Net cash (outflow) inflow	<u>(347)</u>	<u>150</u>	<u>(2,030)</u>

*Suqian Jia Yuan*

	At 31 December			At
	2012	2013	2014	31 August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Current assets	<u>1,475,132</u>	<u>3,444,739</u>	<u>4,198,942</u>	<u>1,726,112</u>
Non-current assets	<u>8,922</u>	<u>111,777</u>	<u>244,181</u>	<u>25,561</u>
Current liabilities	<u>(1,358,492)</u>	<u>(2,475,764)</u>	<u>(3,405,145)</u>	<u>(1,187,802)</u>
Non-current liabilities	<u>(24,233)</u>	<u>(858,397)</u>	<u>(763,926)</u>	<u>(442,192)</u>
Total equity	<u>101,329</u>	<u>222,355</u>	<u>274,052</u>	<u>121,679</u>
Equity attributable to owners of the Company	<u>85,906</u>	<u>170,574</u>	<u>148,569</u>	<u>109,511</u>
Non-controlling interests	<u>15,423</u>	<u>51,781</u>	<u>125,483</u>	<u>12,168</u>

	Year ended 31 December			Period ended	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	<u>336,064</u>	<u>537,915</u>	<u>391,039</u>	<u>357,207</u>	<u>484,936</u>
Other income	<u>545</u>	<u>59,387</u>	<u>48,417</u>	<u>60,044</u>	<u>1,990</u>
Expenses	<u>(302,112)</u>	<u>(506,578)</u>	<u>(467,759)</u>	<u>(421,764)</u>	<u>(454,208)</u>
Profit (loss) and total comprehensive income (expense) for the year/period	<u>34,497</u>	<u>90,724</u>	<u>(28,303)</u>	<u>(4,513)</u>	<u>32,718</u>
Profit (loss) attributable to owners of the Company	<u>30,956</u>	<u>84,667</u>	<u>(22,006)</u>	<u>(1,165)</u>	<u>31,078</u>
Profit (loss) attributable to the non-controlling interests	<u>3,541</u>	<u>6,057</u>	<u>(6,297)</u>	<u>(3,348)</u>	<u>1,640</u>
Net cash inflow (outflow) from operating activities	<u>108,841</u>	<u>(1,076,805)</u>	<u>(220,509)</u>	<u>29,548</u>	<u>71,904</u>
Net cash outflow from investing activities	<u>(28,024)</u>	<u>(94,639)</u>	<u>(57,436)</u>	<u>(22,688)</u>	<u>(9,123)</u>
Net cash (outflow) inflow from financing activities	<u>(124,314)</u>	<u>1,194,610</u>	<u>256,902</u>	<u>(25,081)</u>	<u>(66,308)</u>
Net cash (outflow) inflow	<u>(43,497)</u>	<u>23,166</u>	<u>(21,043)</u>	<u>(18,221)</u>	<u>(3,527)</u>

**39. RELATED PARTY TRANSACTIONS AND BALANCES**

The Group entered into the following significant transactions with its related parties during the Relevant Periods:

**(a) Procurement of intelligent system equipment**

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Zhejiang Xigu Digital Technology Co., Ltd. ("Zhejiang Xigu") 浙江西谷數字技術有限公司	15,736	20,990	7,626	5,697	6,272
Jiaxing City Deyu Electronics Technology Co., Ltd. ("Jiaxing Deyu") 嘉興市德宇電子科技有限 公司	<u>3,416</u>	<u>3,888</u>	<u>1,020</u>	<u>1,020</u>	<u>2,008</u>

(Unaudited)

Zhejiang Xigu and Jiaxing Deyu are controlled by close family members of the Ultimate Shareholder.

**(b) Architectural design fee**

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Jiaxing City Boyuan Architecture Design Co., Ltd. ("Jiaxing Boyuan") 嘉興市博源建築設計有限 公司	<u>4,319</u>	<u>52,979</u>	<u>8,661</u>	<u>6,057</u>	<u>32,011</u>

(Unaudited)

Jiaxing Boyuan is an entity controlled by the Ultimate Shareholder.



**(c) Property management fee**

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Jia Yuan Property	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,993</u>

Jia Yuan Property is an entity controlled by the Ultimate Shareholder and was an associate of the Group prior to the Group's disposal of its equity interest.

**(d) Sale of investment property**

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Jiangsu Five Star Appliance Co., Ltd. ("Jiangsu Five Star") 江蘇五星電器有限公司	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>271,516</u>

Jiangsu Five Star is an entity controlled by the Ultimate Shareholder.

**(e) Financial guarantees provided by a director of the Company, a related party whom is the spouse of the director of the Company and a related company which are under common control of the Ultimate Shareholder for bank and other borrowings of the Group:**

	At 31 December			At 31
	2012	2013	2014	August
	RMB'000	RMB'000	RMB'000	2015
				RMB'000
Bank and other borrowings guaranteed by a director of the Company and related parties	<u>1,745,499</u>	<u>3,288,000</u>	<u>3,772,857</u>	<u>4,393,770</u>

## (f) Related party balances

## The Group

At the end of each reporting period, the Group has the following significant balances with related parties:

	At 1 January 2012		At 31 December 2013		2014		At 31 August 2015		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Amounts due from related parties									
Non-trade nature									
Jia Yuan Chuangsheng Holding Group Co., Ltd.* ("Jia Yuan Chuangsheng", 佳源創盛控股集團有限公司) (formerly known as Jiaxing Zujia Property Development Co., Limited 嘉興足佳房地產開發有限公司) (Note 1)	257,000	321,000	321,000	364,900	364,900	364,900	364,900	30,400	395,300
Zhejiang Jia Yuan Property Group Co., Limited ("Zhejiang Jia Yuan Group") 浙江佳源房地產集團有限公司 (Note 2)	—	745,373	745,373	—	745,373	—	—	1,256,996	1,256,996
Zhejiang Guangyuan (Note 3)	—	—	—	—	—	—	—	144,000	144,000
Tongxiang Jia Yuan	—	—	—	—	—	—	—	92,000	92,000
Trade nature									
Jiaxing Boyuan	—	—	—	51,094	57,774	24,094	51,094	45,584	46,284
	<u>257,000</u>	<u>1,066,373</u>	<u>—</u>	<u>415,994</u>	<u>—</u>	<u>388,994</u>	<u>—</u>	<u>1,568,980</u>	<u>—</u>

## Notes:

- (1) Included in the non-trade amounts due from Jia Yuan Chuangsheng amounting to RMB30,400,000 at 31 August 2015 comprising (i) RMB22,590,000 arising from the disposal of 45% equity interest in Zhejiang Guangyuan and (ii) RMB7,810,000 arising from the disposal of 35% equity interest in Tongxiang Jia Yuan.
- (2) Included in the non-trade amounts due from Zhejiang Jia Yuan Group amounting to RMB1,256,996,000 at 31 August 2015 comprising (i) RMB252,900,000 arising from the disposal of 90% equity interest in Haining Jia Yuan and (ii) RMB75,600,000 arising from the disposal of 31.76% equity interest in Haiyan Jia Yuan.
- (3) Included in the non-trade amounts due from Zhejiang Guangyuan amounting to RMB144,000,000 at 31 August 2015 arising from the disposal of 60% equity interest in Jiaxing Jindi.

	At 31 December			At 31 August
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to related parties				
Non-trade nature				
Zhejiang Jia Yuan Group	—	1,274,091	454,322	—
Jiangsu Five Star	—	—	—	234,025
Zhejiang Xigu	—	—	114,724	—
Jiaxing Deyu	—	—	5,890	—
Trade nature				
Jia Yuan Property	1,794	12,984	13,876	1,422
Jiaxing Boyuan	2,993	—	—	—
	<u>4,787</u>	<u>1,287,075</u>	<u>588,812</u>	<u>235,447</u>
Amount due to a director				
Non-trade nature				
Mr. Shum Tin Ching	<u>197,211</u>	<u>7,588</u>	<u>82,534</u>	<u>—</u>

**The Company**

**At 31 August  
2015**  
RMB'000

Amount due to a subsidiary	
Non-trade nature	
Hong Kong Jia Yuan	<u>5,938</u>

The balances are unsecured, non-interest bearing and repayable on demand. The non-trade nature balances of the Group as of 31 August 2015 are subsequently fully settled.

All of the above related parties and the Group are under common control of the Ultimate Shareholder.

**(g) Compensation of key management personnel**

The remuneration of directors and other members of key management during the Relevant Periods is as follows:

	Year ended 31 December			Period ended 31 August	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Short term benefits	1,146	2,292	5,145	1,580	2,309
Post-employment benefits	<u>84</u>	<u>111</u>	<u>161</u>	<u>101</u>	<u>108</u>
	<u>1,230</u>	<u>2,403</u>	<u>5,306</u>	<u>1,681</u>	<u>2,417</u>

The remuneration of directors and other key executives is determined having regard to the performance of individuals and market trends.

**B. DIRECTORS' REMUNERATION**

Save as disclosed herein, no remuneration has been paid or is payable to the directors of the Company or any of its subsidiaries during the Relevant Periods.

Under the arrangements presently in force, the aggregate remuneration, excluding discretionary bonus, if any, of the Company's directors for the year ended 31 December 2015 is approximately RMB2,230,000.

**C. SUBSEQUENT EVENTS**

On 12 February 2016, written resolutions of the sole shareholder of the Company were passed to approve the matters set out in the paragraph headed "Resolutions in writing of the sole shareholder passed on 12 February 2016" in Appendix VI to the Prospectus, which included the followings:

- a) the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of 9,962,000,000 new shares of HK\$0.01 each;
- b) conditional upon the share premium account of the Company being credited as a result of the placing of the Company's shares, the directors of the Company were authorised to capitalise the amount of approximately HK\$13,500,000 from the amount standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 1,349,999,999 shares for allotment and issue to the persons whose name appeared on the register of members of the Company at the close of business on 12 February 2016, in proportion (or as nearly as possible without fractions) to their then respective shareholdings of the Company; and
- c) a share option scheme was conditionally adopted on 12 February 2016 and the principal terms of the share option scheme are set out in Appendix VI to the Prospectus.

Save as aforesaid, no other significant events took place subsequent to 31 August 2015.

**D. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements of the Group, the Company or its subsidiaries have been prepared in respect of any period subsequent to 31 August 2015.

Yours faithfully,

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

The information set out in this appendix does not form part of the accountants' report on the financial information of the Group for the Track Record Period (the "Accountants' Report") prepared by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is for illustrative purposes only, and is set out in this appendix to illustrate the effect of the Global Offering on the adjusted consolidated net tangible assets of the Group as at 31 August 2015, as if it had taken place on such date.

The unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company following the Global Offering. It is prepared based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 August 2015 as shown in the Accountants' Report as set out in Appendix I to this prospectus and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 August 2015 <sup>(Note 1)</sup> RMB'000	Estimated net proceeds from the Global Offering <sup>(Note 2)</sup> RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company RMB'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share <sup>(Notes 3 and 4)</sup> RMB                      HK\$	
Based on the Offer Price of HK\$1.49 for each Share	1,239,556	527,867	1,767,423	0.98	1.17
Based on the Offer Price of HK\$2.48 for each Share	1,239,556	890,555	2,130,111	1.18	1.41

*Notes:*

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 August 2015 was determined as follows:

	<i>RMB'000</i>
Audited consolidated net assets of the Group as at 31 August 2015 as shown in the Accountants' Report as set out in Appendix I to this prospectus	1,251,724
Less: Non-controlling interests	<u>12,168</u>
Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 August 2015	<u><u>1,239,556</u></u>

- (2) The estimated net proceeds from the Global Offering are based on the total number of Offer Shares and the Offer Price range of HK\$1.49 and HK\$2.48 per Share, respectively, after deduction of underwriting fees and related expenses to be incurred subsequent to 31 August 2015 and payable by the Company but takes no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of RMB0.8372 to HK\$1, which was the rate prevailing on 17 February 2016. No representation is made that Hong Kong dollar amounts have been, could have been or may be converted to Renminbi amounts, or vice versa, at that rate 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 a total of 1,800,000,000 Shares are expected to be in issue pursuant to the Global Offering and take no account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may fall to be allotted and issued upon the exercise of the Over-allotment Option.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share is converted into Hong Kong Dollars at an exchange rate of RMB0.8372 to HK\$1, which was the rate prevailing on 17 February 2016. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollar amounts, or vice versa, at that rate or at all.
- (5) The leasehold land and building included in property and equipment of the Group were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and the valuation report in respect of which is set out in Appendix IV to this prospectus. According to the valuation report, such property interest of the Group as at 30 November 2015 amounted to approximately RMB82,775,000. Comparing this amount with the carrying value of the leasehold land and building included in property and equipment of the Group as at 30 November 2015 of approximately RMB78,985,000, there was a surplus of RMB3,790,000. Had such property interests been stated at revaluation, additional annual depreciation of approximately RMB78,000 will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state the property interests at cost model.

**B. UNAUDITED PRO FORMA ESTIMATED EARNINGS PER SHARE**

The following unaudited pro forma estimated earnings per Share for the year ended 31 December 2015 has been prepared in accordance with Rule 4.29 of the Listing Rules on the basis set out in the notes below for the purpose of illustrating the effect of the Global Offering, as if it had taken place on 1 January 2015. The unaudited pro forma estimated earnings per Share has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the financial results of the Group following the Global Offering.

Estimated consolidated profit attributable to

owners of the Company for the year ended 31 December 2015 <sup>(Note 1)</sup>	
— from continuing and discontinued operations . . . . .	not less than RMB272 million
— from continuing operations . . . . .	not less than RMB290 million

Unaudited pro forma estimated earnings per Share<sup>(Notes 2 and 3)</sup>

— from continuing and discontinued operations . . . . .	not less than RMB0.15 (not less than approximately HK\$0.18)
— from continuing operations . . . . .	not less than RMB0.16 (not less than approximately HK\$0.19)

*Notes:*

- (1) The estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2015 is extracted from the section headed “Financial information — Profit estimate for the year ended 31 December 2015”. The bases on which the above profit estimate has been prepared are summarised in Appendix III.
- (2) The calculation of the unaudited pro forma estimated earnings per Share is based on the estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2015 and on the assumptions that the Company has been listed since 1 January 2015 and that a total number of 1,800,000,000 Shares were in issue throughout the year ended 31 December 2015, without taking into account of any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme or any Shares which may be issued upon exercise of the Over-allotment Option. The estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2015 has not taken into account any interest income that would have been earned if the proceeds from the Global Offering had been received by the Company on 1 January 2015.
- (3) The unaudited pro forma estimated earnings per Share is converted into Hong Kong Dollars at an exchange rate of RMB0.8372 to HK\$1.



**C. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information for the purpose of incorporation in this prospectus.*

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Jiayuan International Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jiayuan International Group 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 unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 August 2015 and the unaudited pro forma estimated earnings per share for the year ended 31 December 2015 and related notes as set out on pages II-1 to II-3 of Appendix II to the prospectus issued by the Company dated 26 February 2016 (the "Prospectus"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on page II-1 and II-3 of Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the global offering and listing of the Company's shares (the "Global Offering") on the Group's financial position as at 31 August 2015 and the Group's estimated earnings per share for the year ended 31 December 2015 as if the Global Offering had taken place at 31 August 2015 and 1 January 2015 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial information for each of the three years ended 31 December 2014 and the eight months ended 31 August 2015, on which an accountants' report set out in Appendix I to the Prospectus has been published and information about the estimate of the consolidated profit of the Group attributable to owners of the Company for the year ended 31 December 2015, on which no auditor's report or review report has been published.

**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 August 2015 or 1 January 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants’ judgment, having regard to the reporting accountants’ understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

26 February 2016

*The estimate of the consolidated profit attributable to owners of the Company for the year ended 31 December 2015 is set out in the section headed “Financial information — Profit estimate for the year ended 31 December 2015” in this prospectus.*

**BASES**

The estimate of the consolidated profit attributable to owners of the Company for the year ended 31 December 2015 prepared by the Directors is based on (i) the audited consolidated results of the Group for the eight months ended 31 August 2015; and (ii) the unaudited consolidated results based on the management accounts of the Group for the remaining four months ended 31 December 2015. The estimate has been prepared on the basis of the accounting policies consistent in all material respects with those currently adopted by the Group as summarised in the accountants’ report set out in Appendix I to this prospectus.

**(1) LETTER FROM THE REPORTING ACCOUNTANTS ON THE PROFIT ESTIMATE**

*The following is the text of a letter, prepared for inclusion in this prospectus, received by the Directors and the Sole Sponsor from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certificated Public Accountants, Hong Kong, in connection with the estimate of the consolidated profit attributable to owners of the Company for the year ended 31 December 2015.*

**Deloitte.**  
**德勤**

26 February 2016

The Board of Directors  
Jiayuan International Group Limited  
Suite 1403, 9 Queen's Road Central  
Central, Hong Kong

CCB International Capital Limited  
12/F., CCB Tower  
3 Connaught Road Central  
Central, Hong Kong

Dear Sirs,

**Jiayuan International Group Limited (the "Company")**

**Profit Estimate for the Year Ended 31 December 2015**

We refer to the estimate of the consolidated profit of the Company and its subsidiaries (collectively referred to as the "Group") attributable to owners of the Company for the year ended 31 December 2015 (the "Profit Estimate") set forth in the Profit Estimate sections of the prospectus of the Company dated 26 February 2016 (the "Prospectus").

**Directors' Responsibilities**

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Group for the eight months ended 31 August 2015 and the unaudited consolidated results based on the management accounts of the Group for the remaining four months ended 31 December 2015.

The Company's directors are solely responsible for the Profit Estimate.

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

**Opinion**

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors as set out in Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants’ report dated 26 February 2016, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong

**(2) LETTER FROM THE SOLE SPONSOR ON THE PROFIT ESTIMATE**

*The following is the text of a letter, prepared for inclusion in this prospectus by the Sole Sponsor, in connection with the estimated consolidated profit attributable to owners of the Company for the year ended 31 December 2015.*



**CCB International Capital Limited**  
12/F., CCB Tower  
3 Connaught Road Central  
Central  
Hong Kong

26 February 2016

The Board of Directors  
Jiayuan International Group Limited

Dear Sirs

We refer to the estimate of the consolidated profit attributable to owners of Jiayuan International Group Limited (the “Company”, together with its subsidiaries, herein collectively referred to as the “Group”) for the year ended 31 December 2015 (the “Profit Estimate”) as set forth in the Profit Estimate sections of the prospectus of the Company dated 26 February 2016 (the “Prospectus”).

The Profit Estimate, for which you as the directors of the Company are solely responsible, has been prepared by the directors of the Company based on the audited consolidated results of the Group for the eight months ended 31 August 2015 and unaudited consolidated results based on the management accounts of the Group for the remaining four months ended 31 December 2015.

We have discussed with you the bases made by the directors of the Company as set forth in Appendix III to the Prospectus upon which the Profit Estimate has been made. We have also considered the letter dated 26 February 2016 addressed to you and us from the Company’s reporting accountants, Deloitte Touche Tohmatsu, regarding the accounting policies and the calculations upon which the Profit Estimate has been based.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and the calculations adopted by you and reviewed by Deloitte Touche Tohmatsu, we are of the opinion that the Profit Estimate, for which you as the directors of the Company are solely responsible, has been made after due and careful enquiry.

Yours faithfully  
For and on behalf of  
**CCB International Capital Limited**  
**Victor Pang**  
*Executive Director*



*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 November 2015 of the properties held by the Group.*



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited  
6/F Three Pacific Place 1 Queen's Road East Hong Kong  
tel +852 2846 5000 fax +852 2169 6001  
Licence No.: C-030171

26 February 2016

The Board of Directors  
Jiayuan International Group Limited  
Suite 1403, 9 Queen's Road Central  
Central, Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Jiayuan International Group Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the Peoples' Republic of China (the "PRC") and Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 November 2015 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interests in Groups I, III and V by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties.

In valuing the property interests in Group II which were under development as at the valuation date, we have assumed that they will be developed and completed in accordance with the latest development proposal provided to us by the Group. In arriving at our opinion of value, 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 accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the subject properties as at the valuation date and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those the Construction Work Commencement Permits have been issued while the Construction Work Certified Reports or Certificates of Completion of the buildings thereof are not issued.

We have valued the property interests in Group IV by income approach by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

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

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

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

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

We have been shown copies of various title documents including State-owned Land Use Rights Certificate, Building Ownership Certificate and official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Jingtian & Gongcheng, concerning the validity of the property interests in the PRC.

We have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

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

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

Inspection of the properties was carried out in April 2015 by Mr. Jerry Shen, Mr. Joseph Zhou, Mr. Sifan Liu, Mr. Edward Yang, Ms. Wody Ding, Ms. Evelyn Xu and Ms. Xaviera Lui. Mr. Jerry Shen and Mr. Joseph Zhou are China Real Estate Appraisers and Mr. Sifan Liu has 7 years' experience and Mr. Edward Yang, Ms. Wody Ding and Ms. Evelyn Xu have 2 years' experience in the valuation of properties in the PRC. Ms. Xaviera Lui is a probationer of the Royal Institution of Chartered Surveyors and has 3 years' experience in the valuation of properties in Hong Kong.

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

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB). The exchange rate adopted in our valuations is approximately HK\$1 = RMB0.82527 which was approximately the prevailing exchange rate as at the valuation date.

Our valuation is summarised below and the valuation certificates are attached.

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

*Note:* Eddie T.W. Yiu is a Chartered Surveyor who has 22 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

## SUMMARY OF VALUES

## Group I — Property interests held for sale by the Group in the PRC

No.	Property	Market value in existing state as at 30 November 2015 RMB
1.	The remaining unsold portion of Jiayuan Centurial Garden located at No. 8 North Longchuan Road Jiangdu District Yangzhou City Jiangsu Province The PRC	737,000
2.	The remaining unsold portion of Jiayuan Centurial Villa located at No. 208 Longcheng Road Jiangdu District Yangzhou City Jiangsu Province The PRC	177,615,000
3.	The remaining unsold portion of Elite International Garden located at the northern side of Weishanhu Road and the eastern side of Wenhui Lane Sucheng District Suqian City Jiangsu Province The PRC	7,658,000
4.	The remaining unsold portion of Suqian Park Number One located at No. 10 Yinmati Road Suqian City Jiangsu Province The PRC	62,614,000
5.	The remaining unsold portion of Rome Metropolis Phase I located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	109,000,000
6.	The remaining unsold portion of Oriental Bright City located at No. 99 Middle Ren Min Road, Jiangyan District Taizhou City Jiangsu Province The PRC	129,000,000

No.	Property	Market value in existing state as at 30 November 2015 <i>RMB</i>
7.	The remaining unsold portion of Oriental Paris City located at No. 99 North Gulou Road Jiangyan District Taizhou City Jiangsu Province The PRC	25,000,000
8.	The remaining unsold portion of Quexiandao Number One located at No.1 Shuiqin Road, Qintong Town Jiangyan District Taizhou City Jiangsu Province The PRC	91,000,000
9.	The remaining unsold portion of Jiayuan New World located at No. 9 East Da Qing Road Taixing City Jiangsu Province The PRC	101,000,000
10.	The remaining unsold portion of Venice Metropolis located at No. 333 North Gulou Road Taixing City Jiangsu Province The PRC	29,000,000
11.	The remaining unsold portion of Qiangxi Garden located at No. 9 East Da Qing Road Taixing City Jiangsu Province The PRC	105,000,000
12.	The remaining unsold portion of Huangqiao Jiayuan Central Plaza Lot S2 located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	58,669,000
<b>Sub-total:</b>		<b>896,293,000</b>

## Group II — Property interests held under development by the Group in the PRC

No.	Property	Market value in existing state as at 30 November 2015 <i>RMB</i>
13.	Zijin Mansion Phases I, II and III under construction located at Gujiaying Road, Xuanwu District Nanjing City Jiangsu Province The PRC	5,731,000,000
14.	Xueyan Jiayuan Central Plaza Phases I, II and III under construction located at the southern side of Xingzheng Road and the eastern side of Taibei Road Panjia Village, Xueyan Town Wujin District Changzhou City Jiangsu Province The PRC	609,000,000
15.	Huangqiao Jiayuan Central Plaza Lot S2 under construction located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	382,000,000
16.	Suqian Park Number One Phases III & IV under construction located at No. 10 Yinmati Road Suqian City Jiangsu Province The PRC	656,000,000
17.	Paris Metropolis Phases II and III under construction located at the eastern side of Taoyuan Road the northern side of Zhongxing Road and the western side of Fanrong Road Siyang County Suqian City Jiangsu Province The PRC	502,000,000

<b>No.</b>	<b>Property</b>	<b>Market value in existing state as at 30 November 2015 RMB</b>
18.	Rome Metropolis Phases II, III and portion of IV under construction located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	428,000,000
19.	Venice Metropolis under construction located at No. 333 North Gulou Road Taixing City Jiangsu Province The PRC	1,303,000,000
20.	Jiayuan New World Phases I and II under construction located at No. 9 East Da Qing Road Taixing City Jiangsu Province The PRC	1,749,000,000
21.	Oriental Paris City under construction located at No. 99 North Gulou Road Jiangyan District Taizhou City Jiangsu Province The PRC	93,000,000
<b>Sub-total:</b>		<u><b>11,453,000,000</b></u>



## Group III — Property interests held for future development by the Group in the PRC

No.	Property	Market value in existing state as at 30 November 2015 RMB
22.	2 parcels of land known as Huangqiao Jiayuan Central Plaza Lot S1 and S2 located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	156,000,000
23.	A parcel of land known as Guxi Jiayuan Central Plaza located at the southern side of Dongfangsi Road the eastern side of Gudonggang and the northern side of Qiankun Road Guxi Town Taixing City Jiangsu Province The PRC	No commercial value ( <i>Note 1</i> )
24.	A parcel of land known as Taizhou Jiayuan Central Plaza Phase I located at the former Grinding Wheel Factory of Suzhong Area Qintong Town Taizhou City Jiangsu Province The PRC	No commercial value ( <i>Note 2</i> )
25.	A parcel of land known as Suqian Park Number One Phase IV located at No. 10 Yinmati Road Suqian City Jiangsu Province The PRC	38,662,000

<b>No.</b>	<b>Property</b>	<b>Market value in existing state as at 30 November 2015 RMB</b>
26.	A parcel of land known as Paris Metropolis Phase IV located at the eastern side of Taoyuan Road, the northern side of Zhongxing Road and the western side of Fanrong Road Siyang County Suqian City Jiangsu Province The PRC	667,000,000
27.	A parcel of land known as Rome Metropolis portion of Phase IV located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	174,000,000
28.	A parcel of land known as Venice Metropolis located at No. 333 North Gu Lou Road Taixing City Jiangsu Province The PRC	2,619,000,000
29.	2 parcels of land known as Oriental Paris City located at No. 99 North Gu Lou Road Jiangyan District Taizhou City Jiangsu Province The PRC	411,000,000
<b>Sub-total:</b>		<b>4,065,662,000</b>

## Group IV — Property interests held for investment by the Group in the PRC

No.	Property	Market value in existing state as at 30 November 2015 <i>RMB</i>
30.	A commercial building of Yangzhou Park Number One located at the intersection of Middle Wenchang Road and Jiangdu Road Jiangdu District Yangzhou City Jiangsu Province The PRC	6,061,000
31.	Portion of retail units of Jiayuan Centurial Garden located at No. 8 North Longchuan Road Jiangdu District Yangzhou City Jiangsu Province The PRC	49,194,000
32.	Portion of retail units of Jiayuan Centurial Scenery Park located at No. 618 Huangshan Road Jiangdu District Yangzhou City Jiangsu Province The PRC	6,759,000
33.	A commercial building and a portion of open yard of Rome Metropolis Phase III located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	211,458,000
34.	Portion of retail units of Oriental Bright City located at No. 99 Middle Ren Min Road Jiangyan District Taizhou City Jiangsu Province The PRC	319,000,000
35.	Portion of retail units and a commercial building of Quexiandao Number One located at No.1 Shui Qin Road Qintong Town Jiangyan District Taizhou City Jiangsu Province The PRC	87,910,000

<b>No.</b>	<b>Property</b>	<b>Market value in existing state as at 30 November 2015 RMB</b>
36.	Portion of retail units of Jiayuan New World Phase I located at No. 9 East Daqing Road Taixing City Jiangsu Province The PRC	299,000,000
37.	Portion of retail units of Huangqiao Jiayuan Central Plaza Lot S2 located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	221,000,000
<b>Sub-total:</b>		<u><b>1,200,382,000</b></u>

**Group V — Property interest held for occupation by the Group in Hong Kong**

<b>No.</b>	<b>Property</b>	<b>Market value in existing state as at 30 November 2015 RMB</b>
38.	Suite 1403 on 14th Floor “Nine Queen’s Road Central”, No. 9 Queen’s Road Central, Hong Kong	82,775,000
<b>Sub-total:</b>		<u><b>82,775,000</b></u>
<b>Grand total:</b>		<u><u><b>17,698,112,000</b></u></u>

*Note:*

- In the valuation of property no. 23, we attributed no commercial value to this property which has not obtained State-owned Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the market value of this property as at the valuation date would be RMB94,000,000 assuming proper title certificate had been obtained and the property could be freely transferred.
- In the valuation of property no. 24, we attributed no commercial value to this property which has not obtained State-owned Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the market value of this property as at the valuation date would be RMB21,000,000 assuming proper title certificate had been obtained and the property could be freely transferred.
- The aggregate market value in existing state as at 30 November 2015 plus the values for reference purpose as stated in the above-mentioned notes 1 and 2 are in the amount of RMB17,813,112,000.

## VALUATION CERTIFICATE

## Group I — Property interests held for sale by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
1.	The remaining unsold portion of Jiayuan Centurial Garden located at No. 8 North Longchuan Road Jiangdu District Yangzhou City Jiangsu Province The PRC	<p>The property comprises 5 unsold retail units of Jiayuan Centurial Garden which were completed in various stages between 2006 and 2008.</p> <p>The property is located at the western side of North Longchuan Road and the southern side of New City Government in Jiangdu District. This area is well-served by various facilities and public transportation along the main roads. The surrounding environment is a residential area with retail stores and commercial buildings.</p> <p>The property has a total gross floor area of approximately 151.83 sq.m.</p> <p>The land use rights of the property have been granted for a term with the expiry date on 8 January 2044 for commercial use.</p>	The property was vacant as at the valuation date.	737,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 1 December 2003 entered into between Land and Resources Bureau of Yangzhou City Jiangdu Branch and Yangzhou Guangyuan Property Development Co., Ltd. ("Yangzhou Guangyuan"), an indirect wholly-owned subsidiary of the Company, the land use rights of a parcel of land with a site area of approximately 233,342 sq.m. (including the land use rights of the property) were contracted to be granted to Yangzhou Guangyuan with the particulars as follows:

Site Area	:	233,342 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	1.5
Land Premium	:	RMB175,025,000

- Pursuant to a Construction Land Planning Permit — No. 2004003, permission towards the planning of a parcel of land with a site area of approximately 364 mu (including the land of the property) has been granted to Yangzhou Guangyuan.
- Pursuant to 5 State-owned Land Use Rights Certificates, the land use rights of the property with a total apportioned site area of approximately 1,436.53 sq.m. (including the land use rights of the property), have been granted to Yangzhou Guangyuan for a term with the expiry date on 8 January 2044 for commercial use.
- Pursuant to 3 Construction Work Planning Permits issued by Planning Bureau of Yangzhou City in favour of Yangzhou Guangyuan, the construction works of following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
2006036	Commercial Centre	25,277	18 August 2006
2000056	Xiazhufang Social Center	1,080	24 October 2006
2007035	Qiu Ju Fang	49,233	22 August 2007
	Total:	<u>75,590</u>	

5. Pursuant to 3 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Jiangdu in favour of Yangzhou Guangyuan, the commencement of the construction work of the following buildings (including the property) has been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
2006 (069)	Commercial Centre	17,000	15 September 2006
3210882007090700002A	Qiu Ju Fang 64#	47,197	7 September 2007
3210882007091400001A	Xia Zhu Fang 136#, 236#	25,022	11 September 2007
	Total:	<u>89,219</u>	

6. Pursuant to 3 Pre-sales Permits — Jiang Fang Xiao Zheng Di Nos. 200622, 200639 and 200749 in favour of Yangzhou Guangyuan, the Group is freely entitled to sell portions of the development with a total gross floor area of approximately 42,327.6 sq.m. (including the property) to local and overseas purchasers.

7. Pursuant to 3 Construction Completion and Inspection Certificates issued by Construction Bureau of Jiangdu in favour of Yangzhou Guangyuan, Jiayuan Centurial Garden (including the property) has been approved to be complied with the urban and rural planning requirements with the details as follows:

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
2008-059	Commercial Centre	25,277.00	15 September 2006
2010-052	Qiu Ju Fang	7,613.77	11 September 2007
2012-028	Xia Zhu Fang	1,144.16	8 December 2006
	Total:	<u>34,034.93</u>	

8. Pursuant to 5 Building Ownership Certificates, the property with a total gross floor area of approximately 151.83 sq.m. is owned by Yangzhou Guangyuan.

9. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB3,500/sq.m. to RMB7,000/sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB4,855/sq.m. for the subject property.

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

- a. Yangzhou Guangyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property.

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

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

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in								
				existing state as at 30 November 2015 RMB								
2.	The remaining unsold portion of Jiayuan Centurial Villa located at No. 208 Longcheng Road Jiangdu District Yangzhou City Jiangsu Province The PRC	<p>The property comprises 2 unsold commercial buildings of Jiayuan Centurial Villa known as South and North Club which were completed in various stages between 2012 and 2013 and a high-rise residential building known as Jiayuan Centurial Villa completed in 2012.</p> <p>The property is located at two sides of West Longcheng Road in Jiangdu District. This area is well-served by various facilities and public transportation along the main roads. The surrounding environment is a residential area.</p> <p>The property has a total gross floor area of approximately 28,095.51 sq.m.</p> <table border="1"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>18,850.08</td> </tr> <tr> <td>Commercial</td> <td><u>9,245.43</u></td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>28,095.51</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms with the expiry dates on 17 January 2074 for residential use and 17 January 2044 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	18,850.08	Commercial	<u>9,245.43</u>	<b>Total:</b>	<b><u>28,095.51</u></b>	The property was vacant as at the valuation date.	177,615,000
Usage	Gross Floor Area (sq.m.)											
Residential	18,850.08											
Commercial	<u>9,245.43</u>											
<b>Total:</b>	<b><u>28,095.51</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 18 January 2004 entered into between Land and Resources Bureau of Yangzhou City Jiangdu Branch and Yangzhou Guangyuan Property Development Co., Ltd. ("Yangzhou Guangyuan"), an indirect wholly-owned subsidiary of the Company, the land use rights of a parcel of land with a site area of approximately 391,578 sq.m. (including the land use rights of the property) were contracted to be granted to Yangzhou Guangyuan with the particulars as follows:

Site Area	: 391,578 sq.m.
Land Use	: Residential/commercial
Land Term	: 70 years for residential use and 40 years for commercial use
Plot Ratio	: 0.4 to 0.8
Land Premium	: RMB205,850,000
- Pursuant to a Construction Land Planning Permit — No. 2005031, permission towards the planning of a parcel of land with a site area of approximately 587.3 mu (including the land of the property) has been granted to Yangzhou Guangyuan.
- Pursuant to a State-owned Land Use Rights Certificate — Jiang Guo Yong (2007) Di No. 23300, the land use rights of a parcel of land with a site area of approximately 39,071.3 sq.m. (including the land use rights of the property), on which the property is situated, have been granted to Yangzhou Guangyuan for terms with the expiry date on 17 January 2074 for residential use and 17 January 2044 for commercial use.



4. Pursuant to 5 Construction Work Planning Permits issued by Planning Bureau of Jiangdu City in favour of Yangzhou Guangyuan, the construction works of following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Jian Zi Di No. 2006033	South Building Nos. 6, 30, 31, 198 Club	6,335	11 May 2006
Jian Zi Di No. 2009068	North Club (168-1, 3, 5)	3,683	12 October 2009
Jian Zi Di No. 2012045	#137 (North)	18,263	22 May 2012
Jian Zi Di No. 2012046	Zone North 138	18,563	22 May 2012
Jian Zi Di No. 2012047	The Basement of Zone North 136-138	6,225	22 May 2012
	Total:	<u>53,069</u>	

5. Pursuant to 4 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Jiangdu in favour of Yangzhou Guangyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
2006(061)	South 30, 31, 198	6,335	28 May 2006
3210882009110200001A	North 37-38, 40-43, 45-53, 55-63, 65-71, 168	22,103	2 November 2009
321088020120048	North 136-138	55,212	18 August 2012
321088020120049	The Basement of Zone North 136-138	6,250	18 August 2012
	Total:	<u>89,900</u>	

6. Pursuant to 4 Construction Work Completion and Inspection Tables issued by Housing and Urban-rural Construction Bureau of Jiangdu District Yangzhou City, Nos. 137, 138, 168 and 198 of Jiayuan Centurial Villa have been approved to be complied with the urban and rural planning requirements.

7. Pursuant to 3 Pre-sales Permits — Jiang Fang Xiao Zheng Di Nos. 20317, 200717 and 201238 in favour of Yangzhou Guangyuan, the Group is freely entitled to sell the residential and commercial portions of the development with a total gross floor area of approximately 76,559.63 sq.m. (including the property) to local and overseas purchasers.

8. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of the comparables range from RMB7,600/sq.m. to RMB9,500/sq.m. for commercial properties and from RMB5,200/sq.m. to RMB6,300/sq.m. for residential properties. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB8,395/sq.m. for the commercial properties and RMB5,305/sq.m. for the residential properties.

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

- a. Yangzhou Guangyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate*	Not provided

- \* We have not been provided with the Building Ownership Certificates for the property. As advised by the Company, the property was disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB								
3.	The remaining unsold portion of Elite International Garden located at the northern side of Weishanhu Road and the eastern side of Wenhui Lane Sucheng District Suqian City Jiangsu Province The PRC	<p>The property comprises an unsold residential unit and 4 unsold commercial units of Elite International Garden which were completed in 2011.</p> <p>The property is located at the northern side of Huishanhu Road and eastern side of Wenhui Lane in Sucheng District and is well-served by various facilities and public transportation along the main roads.</p> <p>The property has a total gross floor area of approximately 861.96 sq.m.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">207.74</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;"><u>654.22</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>861.96</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms with the expiry dates on 2 August 2080 for residential use and on 2 August 2050 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	207.74	Commercial	<u>654.22</u>	<b>Total:</b>	<b><u>861.96</u></b>	The property was vacant as at the valuation date.	7,658,000
Usage	Gross Floor Area (sq.m.)											
Residential	207.74											
Commercial	<u>654.22</u>											
<b>Total:</b>	<b><u>861.96</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 14 August 2009, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Suqian Jia Yuan Property Development Co., Ltd. ("Suqian Jia Yuan"), an indirect non-wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	53,807.0 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 3.5
Land Premium	:	RMB122,679,960

- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 321300200910111, permission towards the planning of a parcel of land with a site area of approximately 53,807.0 sq.m. (including the land of the property) has been granted to Suqian Jia Yuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of a parcel of land with a site area of approximately 53,970.0 sq.m. (including the land use rights of the property), on which the property is situated, have been granted to Suqian Jia Yuan as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Su Guo Yong (2009) Di No. 0553	27,261.0	Residential	17 November 2079	24 November 2009
Su Guo Yong (2011) Di No. 694	26,709.0	Commercial	17 November 2049	27 January 2011
		Residential	2 August 2080	
		Commercial	2 August 2050	
Total:	<u>53,970.0</u>			

4. Pursuant to 2 Construction Work Planning Permits issued by Planning Bureau of Suqian City in favour of Suqian Jia Yuan, the construction works of the following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Jian Zi Di No. 321300201010014	12#, 13#, 16#, 12# and 15#	46,371.71	17 March 2010
Jian Zi Di No. 321300201010023	17#-20#, 16#, 18#, 15#, 17#, 19#, 18#, 20#	51,418.29	13 May 2010
Total:		<u>97,790.00</u>	

5. Pursuant to 2 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Suqian in favour of Suqian Jia Yuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
3213002010053100004A	12#, 13#, 18# Buildings	46,371.71	3 May 2010
3213002010061300001A	17#-20#, 16#, 18#, 15#, 17#-20#, 17#, 19# Buildings	51,441.30	2 November 2009 13 June 2010
Total:		<u>97,813.01</u>	

6. Pursuant to 3 Construction Work Completion and Inspection Table issued by Suqian Housing and Urban-rural Construction Bureau, Elite International Garden (including the property) has been approved to be complied with the urban and rural planning requirements.

7. Pursuant to 3 Pre-sales Permits — (Su Fang Shou) Nei Xiao Zhun Zi Di Nos. 2010055, 2010065 and 2012027 in favour of Suqian Jia Yuan, the Group is freely entitled to sell the property to local and overseas purchasers.

8. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB5,800/sq.m. to RMB7,800/sq.m. for residential properties and from RMB8,000/sq.m. to RMB16,900/sq.m. for commercial properties on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB6,400/sq.m. for the subject residential property and RMB9,673/sq.m. for the commercial properties.

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

a. Suqian Jia Yuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate*	Not provided

\* We have not been provided with the Building Ownership Certificates for the property. As advised by the Company, the property was disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB								
4.	The remaining unsold portion of Suqian Park Number One located at No. 10 Yinmati Road Suqian City Jiangsu Province The PRC	<p>The property comprises 24 unsold residential units and 10 unsold commercial units of Suqian Park Number One which was completed in 2014.</p> <p>The property is located at the northern side of Yanggong Road in Sucheng District and is well-served by various facilities and public transportation along the main roads.</p> <p>The property has a total gross floor area of approximately 8,798.52 sq.m.</p> <table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">3,814.23</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;"><u>4,984.29</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>8,798.52</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term of 70 years with the expiry date on 18 May 2081 for residential use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	3,814.23	Commercial	<u>4,984.29</u>	<b>Total:</b>	<b><u>8,798.52</u></b>	The property was vacant as at the valuation date.	62,614,000
Usage	Gross Floor Area (sq.m.)											
Residential	3,814.23											
Commercial	<u>4,984.29</u>											
<b>Total:</b>	<b><u>8,798.52</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 14 August 2009, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Suqian Jia Yuan Property Development Co., Ltd. ("Suqian Jia Yuan"), an indirect non-wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	127,333.0 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	Lower than 2.5
Land Premium	:	RMB181,449,525
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 3211300201010012, permission towards the planning of a parcel of land with a site area of approximately 127,333.0 sq.m. (including the land of the property) has been granted to Suqian Jia Yuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 126,182.9 sq.m. (including the land use rights of the property) were contracted to be granted to Suqian Jia Yuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Su Guo Yong (2011) Di No. 6343	50,925.9	Residential	18 May 2081	1 June 2011
Su Guo Yong (2011) Di No. 6007	75,257.0	Residential	18 May 2081	20 May 2011
Total:	<u>126,182.9</u>			

4. Pursuant to 4 Construction Work Planning Permits issued by Construction and Planning Bureau of Suqian City in favour of Suqian Jia Yuan, the construction works of following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Jian Zi Di No. 321300201110080-1	Nos. 28-33 Suqian Jiayuan Park Number One	60,897.0	21 November 2011
Jian Zi Di No. 321300201110080-2	Nos. 35-38 Suqian Jiayuan Park Number One	34,413.2	26 November 2011
Jian Zi Di No. 321300201110036	Nos. 18, 19, 22, 23, 27 Suqian Jiayuan Park Number One	63,617.7	11 July 2011
Jian Zi Di No. 321300201110055	Nos. 20, 21, 25, 26 Suqian Jiayuan Park Number One	50,033.0	11 July 2011
Total:		<u>208,960.9</u>	

5. Pursuant to 4 Construction Work Commencement Permits issued by Construction and Planning Bureau of Suqian City in favour of Suqian Jia Yuan, the commencement of the construction works of the following buildings (including of the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
321300020110052	Nos. 18, 19, 22, 23, 27 Building	63,617.7	24 October 2011
321300020110056	Nos. 20, 21, 25, 26 Building	50,033.0	4 November 2011
321300020120056	Nos. 28-33 Building	60,897.0	12 September 2012
321300020120094	Nos. 35-38 Building	34,413.2	28 December 2012
Total:		<u>208,960.9</u>	

6. Pursuant to a Construction Completion and Inspection Table issued by Suqian Housing and Urban-rural Construction Bureau, Suqian Park Number One Phase I and II (including the property) has been approved to be complied with the urban and rural planning requirements.

7. Pursuant to 4 Pre-sales Permits — (Su Fang Shou) Nei Xiao Zhun Zi Di Nos. 2011056, 2011057, 2013020 and 2013057 in favour of Suqian Jia Yuan, the Group is freely entitled to sell portion of the development with a total gross floor area of approximately 64,960.96 sq.m. (including the property) to local and overseas purchasers.

8. Pursuant to 10 Building Ownership Certificates, portions of the property with a total gross floor area of 1,688.81 sq.m. are owned by Suqian Jia Yuan.
9. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB5,500/sq.m. to RMB5,800/sq.m. for residential units and from RMB7,000/sq.m. to RMB12,000/sq.m. for retail commercial on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB5,605/sq.m. for the subject residential properties and RMB8,273/sq.m. for the commercial properties.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Suqian Jia Yuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.
11. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.



## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in								
				existing state as at 30 November 2015 RMB								
5.	The remaining unsold portion of Rome Metropolis Phase I located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	<p>The property comprises 103 unsold commercial units of block A5, A9, A15 and 154 unsold residential units of block A5 and A6 of Rome Metropolis Phase I which was completed in various stages between 2014 and 2015.</p> <p>The property is located at the intersection of Huaihai Road and is Xi'an Road in Siyang County and well-served by various facilities and public transportation along the main roads.</p> <p>The property has a total gross floor area of approximately 24,911.05 sq.m.</p>	The property was vacant as at the valuation date.	109,000,000								
		<table border="0"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>18,559.44</td> </tr> <tr> <td>Commercial</td> <td>6,351.61</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>24,911.05</u></b></td> </tr> </tbody> </table>	Usage	Gross Floor Area (sq.m.)	Residential	18,559.44	Commercial	6,351.61	<b>Total:</b>	<b><u>24,911.05</u></b>		
Usage	Gross Floor Area (sq.m.)											
Residential	18,559.44											
Commercial	6,351.61											
<b>Total:</b>	<b><u>24,911.05</u></b>											
		<p>The land use rights of the property have been granted for terms with the expiry dates on 12 October 2082 and 21 January 2083 for residential use and on 12 October 2052 and 21 January 2053 for commercial use.</p>										

## Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contract dated 10 April 2012 and 5 December 2012, the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Siyang Fengyuan Property Development Co., Ltd. ("Siyang Fengyuan"), an indirect wholly-owned subsidiary of the Company with the particulars as follows:

No.	Land Use	Site Area (sq.m.)	Land Term	Plot Ratio	Land Premium (RMB)
3213232012CR0174	Commercial	14,707	40 years,	≤4.0	22,060,500
	Residential		70 years		
3213232012CR0023	Commercial	47,171	40 years,	≤4.0	89,153,190
	Residential		70 years		
	Total:	<u>61,878</u>			<u>111,213,690</u>

- Pursuant to 2 Construction Land Planning Permits — Di Zi Nos. 321323201200071 and 321323201200106 permission towards the planning of the aforesaid land parcels with a total site area of approximately 61,824 sq.m. (including the land of the property) has been granted to Siyang Fengyuan.

3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of 3 parcels of land with a total site area of approximately 61,878 sq.m. (including the land use rights of property) have been granted to Siyang Fengyuan with the particulars as follows:

<b>Land Use Rights Certificate</b>	<b>Site Area</b> (sq.m.)	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
Si Guo Yong (2012) Di No. 1744	37,634	Commercial/ residential	12 October 2052 12 October 2082	10 October 2012
Si Guo Yong (2012) Di No. 1745	9,537	Commercial/ residential	12 October 2052 12 October 2082	10 October 2012
Si Guo Yong (2013) Di No.509	14,707	Commercial/ residential	21 January 2053 21 January 2083	30 January 2013
Total:	<u>61,878</u>			

4. Pursuant to 2 Construction Work Planning Permits issued by Planning Bureau of Siyang City in favour of Siyang Fengyuan, the construction works of the following buildings (including the property) have been approved.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
Jian Zi Di No. 321323201200105	Nos. A9, A10, A15, A16, A17	76,458.20	6 November 2012
Jian Zi Di No. 321323201300035	Nos. A5, A6	48,556.27	28 October 2014
Total:		<u>125,014.47</u>	

5. Pursuant to 2 Construction Work Commencement Permits issued by Bureau of Construction Management of Siyang City in favour of Siyang Fengyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
321323020140015	No. A1	43,780.18	27 February 2014
321323020120035	Nos. A5, A6, A9, A10, A15-17	130,000.00	22 April 2013
Total:		<u>173,780.18</u>	

6. Pursuant to 9 Construction Work Completion and Inspection Tables issued by Siyang County Housing and Urban-rural Construction Bureau, Rome Metropolis Phase I (including the property) has been approved to be complied with the urban and rural planning requirements.

7. Pursuant to 2 Pre-sales permits — Si Fang Huai Yu (2012) No. 054 and Si Fang Huai Yu (2013) No. 021 in favour of Siyang Fengyuan, the Group is freely entitled to sell the development with a total gross floor area of approximately 114,473.13 sq.m. (including the property) to local and overseas purchasers.

8. Pursuant to 5 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 5,191.95 sq.m. are owned by Siyang Fengyuan.

9. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB7,000/sq.m. to RMB8,500/sq.m. for commercial properties and from RMB2,800/sq.m. to RMB4,000/sq.m. for residential properties. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB7,021/sq.m. for the subject commercial properties and RMB3,470/sq.m. for the subject residential properties.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:

a. Siyang Fengyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sales Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate*	Portion

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB								
6.	The remaining unsold portion of Oriental Bright City located at No. 99 Middle Ren Min Road Jiangyan District Taizhou City Jiangsu Province The PRC	<p>The property comprises 11 unsold commercial units and 138 unsold residential units of Oriental Bright City which were completed in 2012.</p> <p>The property is located at the No. 99 Middle Renmin Road in Jiangyan District. This area is well-served by various facilities and public transportation along the main roads. The surrounding environment is a residential area with some retail stores and commercial buildings.</p> <p>The property has a total gross floor area of approximately 18,313.42 sq.m.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">13,386.09</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;"><u>4,927.33</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>18,313.42</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms with the expiry dates on 22 September 2078, 18 February 2079, 28 February 2078 and 18 February 2078 for residential use and 18 February 2049, 18 February 2049, 22 September 2048 and 28 February 2048 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	13,386.09	Commercial	<u>4,927.33</u>	<b>Total:</b>	<b><u>18,313.42</u></b>	The property was vacant as at the valuation date.	129,000,000
Usage	Gross Floor Area (sq.m.)											
Residential	13,386.09											
Commercial	<u>4,927.33</u>											
<b>Total:</b>	<b><u>18,313.42</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 15 August 2008, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taizhou Jia Yuan Property Development Co., Ltd. ("Taizhou Jia Yuan"), an indirect wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	79,483.0 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use/40 years for commercial use
Plot Ratio	:	Lower than 3.5
Land Premium	:	RMB441,130,000
- Pursuant to a Construction Land Planning Permit — Gui Zi Di No. 200912, permission towards the planning of portions of the aforesaid land parcel with a site area of approximately 68,094 sq.m. (including the land of the property) has been granted to Taizhou Jia Yuan.

3. Pursuant to 6 State-owned Land Use Rights Certificates, the land use rights of 6 parcels of land with a total site area of approximately 84,540.4 sq.m. (including the land use rights the property) have been granted to Taizhou Jia Yuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Jiang Guo Yong (2008) Di No. 11759	11,389.4	Commercial Residential	28 February 2048 28 February 2078	7 March 2008
Jiang Guo Yong (Ji 16) Di No. 11733	12,437.0	Commercial Residential	22 September 2048 22 September 2078	22 September 2008
Jiang Guo Yong (Ji 16) Di No. 11732	8,017.0	Commercial Residential	22 September 2048 22 September 2078	22 September 2008
Jiang Guo Yong (Ji 16) Di No. 11641	15,272.0	Commercial Residential	18 February 2049 18 February 2079	23 March 2009
Jiang Guo Yong (Ji 16) Di No. 11642	22,906.0	Commercial Residential	18 February 2049 18 February 2079	23 March 2009
Jiang Guo Yong (Ji 16) Di No. 41104	14,519.0	Commercial Residential	18 February 2048 18 February 2078	15 December 2011
Total:	<u>84,540.4</u>			

4. Pursuant to 5 Construction Work Planning Permits issued by Planning Bureau of Taizhou City in favour of Taizhou Jia Yuan, the construction works of the following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Jian Zi Di No. 2011018	Nos. 1, 2, 5, 8, 9	59,140.66	27 June 2011
Jian Zi Di No. 2011015	Nos. 3, 11, 12, 15	78,788.92	5 April 2012
Jian Zi Di No. 321200201441066	Nos. 7, 17	70,027.61	8 July 2014
Jian Zi Di No. 2010031	No. 6	26,792.07	4 August 2010
Jian Zi Di No. 2010036	Nos. 7, 13, 16, 17	100,993.29	1 April 2010
Total:		<u>335,742.55</u>	

5. Pursuant to 5 Construction Work Commencement Permits issued by Bureau of Building Construction Management of Jiangyan District Taizhou City in favour of Taizhou Jia Yuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
3212842008101600001A	Nos. 6, 10	30,020.92	16 October 2008
321284200907072400001A	Nos. 1, 8, 9	43,780.18	24 July 2009
3212842009072800001A	Nos. 2, 5	15,360.48	28 July 2009
3212842009111900001A	Nos. 3, 11, 12, 15	79,716.53	19 November 2009
3212842010081300001A	Nos. 7, 13, 16, 17	100,993.29	13 August 2010
Total:		<u>269,871.40</u>	

6. Pursuant to 6 Pre-sales Permits — Jiang Fang Xiao Zheng Di Nos. (2011)047, (2012)015, (2012)032, (2014)022, (2010)052 and (2013)062 in favour of Taizhou Jia Yuan, the Group is freely entitled to sell the development with a total gross floor area of approximately 174,545.8 sq.m. (including the property) to local and overseas purchasers.

7. Pursuant to 9 Construction Completion and Inspection Certificates issued by Project Quality Supervision Institution of Taizhou City, Oriental Bright City (including the property) has been approved to be complied with the urban and rural planning requirements.

8. Pursuant to 8 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 1,473.75 sq.m. are owned by Taizhou Jia Yuan.
9. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB5,700/sq.m. to RMB6,300/sq.m. for residential properties and RMB9,000/sq.m. to RMB10,500/sq.m. for commercial properties. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB6,050/sq.m. for the subject residential properties and RMB9,745/sq.m. for the subject commercial properties.
10. Pursuant to 2 Mortgage Contracts, various commercial and residential units of Oriental Bright City (including the property) are subject to a mortgage in favour of Jiangyan Rural Commercial Bank (“the Bank”) and China Huarong Asset Management Co., Ltd Zhejiang Branch (“Huarong”), as a security to guarantee the principal obligation under the loan contract entered into between the Bank and Taizhou Jia Yuan, and Huarong and Suqian Jia Yuan for an amount of RMB508,000,000.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taizhou Jia Yuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
12. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |
- \* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB								
7.	The remaining unsold portion of Oriental Paris City located at No. 99 North Gulou Road Jiangyan District Taizhou City Jiangsu Province The PRC	<p>The property comprises 4 unsold residential units, 4 unsold commercial units and 200 underground car parking spaces of Oriental Paris City which were completed in various stages between 2010 and 2012.</p> <p>The property is located at the southern side of 328 Expressway, western side of Jianghuang River, Jiangyan District and is well-served by various facilities and public transportation along the main roads. The surrounding environment is a residential and commercial area with retail stores and commercial buildings.</p> <p>The residential units and commercial units have a total gross floor area of approximately 1,453.54 sq.m.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">900.83</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;"><u>552.71</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>1,453.54</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms with the expiry dates on 28 February 2078, 18 February 2079 and 7 April 2080 for residential use and 28 February 2048, 18 February 2049 and 7 April 2050 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	900.83	Commercial	<u>552.71</u>	<b>Total:</b>	<b><u>1,453.54</u></b>	The property was vacant as at the valuation date.	25,000,000
Usage	Gross Floor Area (sq.m.)											
Residential	900.83											
Commercial	<u>552.71</u>											
<b>Total:</b>	<b><u>1,453.54</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 30 June 2008, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taizhou Jia Yuan Property Development Co., Ltd. ("Taizhou Jia Yuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	133,993 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 3.5
Land Premium	:	RMB120,590,000

- Pursuant to 4 Construction Land Planning Permits — Di Zi Di Nos. 2008030, 2012023, 2012024 and 2012031, permission towards the planning of 4 parcels with a total site area of approximately 172,769 sq.m. (including the land of the property) has been granted to Taizhou Jia Yuan.



3. Pursuant to 4 State-owned Land Use Rights Certificates, the land use rights of 4 parcels of land with a total site area of approximately 151,705 sq.m. (including the land use rights of the property) have been granted to Taizhou Jia Yuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Jiang Guo Yong (2008) Di No. 11758	53,333	Commercial Residential	28 February 2048 28 February 2078	1 March 2008
Jiang Tu Guo Yong (Ji 16) Di No. 11640	50,571	Commercial Residential	18 February 2049 18 February 2079	23 March 2009
Jiang Tu Guo Yong (Ji 16) Di No. 42111	19,489	Commercial Residential	28 February 2048 28 February 2078	27 September 2012
Jiang Tu Guo Yong (Ji 16) Di No. 41182	28,312	Commercial Residential	7 April 2050 7 April 2080	20 July 2012
Total:	<u>151,705</u>			

4. Pursuant to 3 Construction Work Planning Permits issued by Planning Bureau of Taizhou City in favour of Taizhou Jia Yuan, the construction works of the following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Jian Zi Di No. 2011046	Xiang Nos.1-3, 9-10, 16-19	41,266.47	17 September 2012
Jian Zi Di No. 321200201341008	Wei Nos.16,17	36,617.32	9 April 2013
Jian Zi Di No. 321200201441108	Ao Nos.1,2,3,5	70,221.86	24 November 2014
Total:		<u>148,105.65</u>	

5. Pursuant to 3 Construction Work Commencement Permits issued by Bureau of Building Construction Management of Jiangyan District Taizhou City in favour of Taizhou Jia Yuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
3212842010081300002A	Ao Nos.1,2,3,5	70,308.58	13 August 2010
3212842010082400001A	Xiang Nos.1-3,8-11,15-19	63,239.38	24 August 2010
321284201003240001A	Wei Nos.1-3, 5, 8-11, 15-17	77,961.12	24 March 2010
Total:		<u>211,509.08</u>	

6. Pursuant to 4 Pre-sales Permits — Jiang Fang Xiao Zheng Di (2011) No. 099, Jiang Fang Xiao Zheng Di (2012) No. 036, Jiang Fang Xiao Zheng Di (2013) Nos. 008 and 014, in favour of Taizhou Jia Yuan, the Group is freely entitled to sell the development (including the property) with a total gross floor area of approximately 136,737.91 sq.m. to local and overseas purchasers.
7. Pursuant to 2 Construction Completion and Inspection Certificates issued by Project Quality Supervision Institution of Taizhou City, Oriental Paris City (including the property) has been approved to be complied with the urban and rural planning requirements.
8. Pursuant to 7 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 1,345.59 sq.m. are owned by Taizhou Jia Yuan.

9. Pursuant to a Mortgage Contract, various commercial and residential units of Oriental Paris City (including the property) are subject to a mortgage in favor of Jiangyan Rural Commercial Bank (“the Bank”), as a security to guarantee the principal obligation under the loan contract entered into between the Bank and Taizhou Jia Yuan for an amount of RMB8,000,000.
10. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB4,200/sq.m. to RMB6,800/sq.m. for residential properties, from RMB8,000/sq.m. to RMB9,500/sq.m. for commercial properties and from RMB70,000/space to RMB80,000/space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB5,260/sq.m. for the subject residential properties, RMB9,160/sq.m. for the subject commercial properties and RMB76,000/space for car parking spaces.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taizhou Jia Yuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
12. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in								
				existing state as at 30 November 2015 RMB								
8.	The remaining unsold portion of Quexiandao Number One located at No.1 Shuiqin Road Qintong Town Jiangyan District Taizhou City Jiangsu Province The PRC	<p>The property comprises 1 unsold unit of detached villa, 40 unsold units of town house of Quexiandao Number One which were completed in 2013.</p> <p>The property is located at No.1 Shui Qin Road, Qin Tong Town, Jiang Yan District and is well-served by various facilities and public transportation along the main roads. The surrounding environment is a tourism resort area.</p> <p>The property has a total gross floor area of approximately 9,795.39 sq.m.</p> <table border="1"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Detached villa</td> <td>439.06</td> </tr> <tr> <td>Town house</td> <td><u>9,356.33</u></td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>9,795.39</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term with the expiry date on 23 March 2080 for residential use.</p>	Usage	Gross Floor Area (sq.m.)	Detached villa	439.06	Town house	<u>9,356.33</u>	<b>Total:</b>	<b><u>9,795.39</u></b>	The property was vacant as at the valuation date.	91,000,000
Usage	Gross Floor Area (sq.m.)											
Detached villa	439.06											
Town house	<u>9,356.33</u>											
<b>Total:</b>	<b><u>9,795.39</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 23 March 2010, a supplementary agreement for the State-owned Land Use Rights Grant Contract and a change of transferee circular, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taizhou Mingyuan Property Development Co., Ltd. ("Taizhou Mingyuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	68,330.39 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 1.5
Land Premium	:	RMB62,522,310

- Pursuant to a Construction Land Planning Permit — Di Zi Jiang Gui Cun No. 2010049, permission towards the planning of the aforesaid land parcel with a site area of approximately 68,330 sq.m. (including the land of the property) has been granted to Taizhou Mingyuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 68,330.4 sq.m. (including the land use rights of the property) have been granted to Taizhou Mingyuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Jiang Guo Yong (2010) Di No. 5851	62,899.1	Commercial	23 March 2050	12 November 2010
Jiang Guo Yong (2010) Di No. 5850	5,431.3	Commercial Residential	23 March 2050 23 March 2080	12 November 2010
Total:	<u>68,330.4</u>			

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 321200201345062 issued by Planning Bureau of Taizhou City in favour of Taizhou Mingyuan, the construction works (including the property) with a total planned gross floor area of approximately 37,461.24 sq.m. have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 321284120110002 issued by Construction Management Bureau of Jiangyan District Taizhou City in favour of Taizhou Mingyuan, the commencement of the construction works (including the property) with a total gross floor area of approximately 36,217.68 sq.m. has been permitted.
6. Pursuant to a Pre-sales Permit — Jiang Fang Yu Zheng Di (2011) No. 80 in favour of Taizhou Mingyuan, the Group is freely entitled to sell the property to local and overseas purchasers.
7. Pursuant to a Construction Work Completion and Inspection Certificates issued by Project Quality Supervision Institution of Taizhou City, Quexiandao Number One (including the property) has been approved to be complied with the urban and rural planning requirements.
8. Pursuant to 33 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 7,726.78 sq.m. are owned by Taizhou Mingyuan.
9. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB9,000/sq.m. to RMB11,000/sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB9,730/sq.m. for the detached villa and RMB9,267/sq.m. for the town house.
10. Pursuant to 4 Mortgage Contracts, portions of the property and property no. 35 are subject to a mortgage in favour of Taizhou Rural Commercial Bank (“Taizhou Bank”) and Jiangsu Bank Taizhou Jiangyan Branch (“Jiangsu Bank”), as a security to guarantee the principal obligation under the loan contracts entered into between Taizhou Bank and Taizhou Jia Yuan and Jiangsu Bank and Taizhou Jia Yuan for an amount of RMB63,050,000.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taizhou Mingyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
12. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Yes     |
| d. Construction Work Commencement Permit                         | Yes     |
| e. Pre-sales Permit  | Yes     |
| f. Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. Building Ownership Certificate*                               | Portion |

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
9.	The remaining unsold portion of Jiayuan New World located at No. 9 East Da Qing Road Taixing City Jiangsu Province The PRC	<p>The property comprises 21 unsold commercial units of Jiayuan New World which were completed in 2015.</p> <p>The property is located at No. 9 East Da Qing Road, Taixing City and is well-served by various facilities and public transportation along the main roads.</p> <p>The property has a total gross floor area of approximately 5,465.20 sq.m.</p> <p>The land use rights of the property have been granted for terms with the expiry date on 10 December 2052 for commercial use.</p>	The property was vacant as at the valuation date.	101,000,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 7 January 2011, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taixing Guangyuan Property Development Co., Ltd. ("Taixing Guangyuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	121,316 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Above 1.0 and lower than 3.61
Land Premium	:	RMB1,123,580,000

- Pursuant to a Construction Land Planning Permit — Tai Gui Hua Di Zi Di No. 321283201110012, permission towards the planning of a parcel of land with a site area of approximately 121,316 sq.m. (including the land of the property) has been granted to Taixing Guangyuan.
- Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 61,353.00 sq.m. (including the land use rights of the property) have been granted to Taixing Guangyuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Tai Guo Yong (2014) No. 4009	44,062.50	Residential Commercial	10 December 2082 10 December 2052	26 June 2014
Tai Guo Yong (2014) No. 4010	17,290.50	Residential Commercial	10 December 2082 <u>10 December 2052</u>	26 June 2014
Total:	<u>61,353.00</u>			

- Pursuant to a Construction Work Planning Permit — Tai Gui Hua Jian Zi Di No. 321283201210070 issued by Planning Bureau of Taixing City in favour of Taixing Guangyuan, the construction works with a total gross floor area of approximately 60,782 sq.m. (including the property) have been approved.

5. Pursuant to 2 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Taixing in favor of Taixing Guangyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
321283020140065 buban	Nos. 2, 3	45,857	16 May 2015
321283020140066 buban	No. 1, Basement	2,470	19 September 2013
	Total:	<u>48,327</u>	

6. Pursuant to a Pre-sales Permit — (Tai) Fang Xiao Zheng Di Yu Shou Zheng No. 343 in favour Taixing Guangyuan, the Group is freely entitled to sell portions of the development with a total gross floor area of approximately 48,184.58 sq.m. (including the property) to local and overseas purchasers.
7. Pursuant to 3 Construction Work Completion and Inspection Tables issued by Taixing Housing and Urban-rural Construction Bureau, portions of Jiayuan New World (including the property) have been approved to be complied with the urban and rural planning requirements.
8. Pursuant to 3 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 540.99 sq.m. are owned by Taixing Guangyuan.
9. Pursuant to 3 Mortgage Contracts, portions of the land use rights of Jiayuan New World (including the land use rights of the property) are subject to a mortgage in favour of CITIC Trust Co., Ltd. (“CITIC”) and Bank of China Taixing Branch (the “Bank”), as a security to guarantee the principal obligation under the loan contracts entered into between Taixing Guangyuan and the Bank, and Nanjing Xinhaoning and CITIC, for an amount of RMB3,080,000,000.
10. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB12,000/sq.m. to RMB20,000/sq.m. for commercial property. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB18,480/sq.m. for the subject commercial property.
11. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taixing Guangyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from mortgagee within the mortgagee period.
12. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB								
10.	The remaining unsold portion of Venice Metropolis located at No. 333 North Gulou Road Taixing City Jiangsu Province The PRC	<p>The property comprises 10 unsold residential units of Venice Metropolis which were completed in 2014.</p> <p>The property is located at No. 333 North Gu Lou Road, Taixing City, Jiangsu Province and is well-served by various facilities and public transportation along the main roads</p> <p>The property has a total gross floor area of approximately 2,388.55 sq.m.</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td style="text-align: right;">907.41</td> </tr> <tr> <td>Villa</td> <td style="text-align: right;"><u>1,481.14</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>2,388.55</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term with the expiry date on 25 September 2080 for residential use.</p>	Usage	Gross Floor Area (sq.m.)	Apartment	907.41	Villa	<u>1,481.14</u>	<b>Total:</b>	<b><u>2,388.55</u></b>	The property was vacant as at the valuation date.	29,000,000
Usage	Gross Floor Area (sq.m.)											
Apartment	907.41											
Villa	<u>1,481.14</u>											
<b>Total:</b>	<b><u>2,388.55</u></b>											

*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 21 June 2010, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taixing Guangyuan Property Development Co., Ltd. ("Taixing Guangyuan"), an indirect wholly-owned subsidiary of the Company (including the land use rights of the property) with the particulars as follows:

Site Area	: 112,197 sq.m.
Land Use	: Residential, commercial and office
Land Term	: 70 years for residential use, 40 years for commercial use and 50 years for office use
Plot Ratio	: Lower than 3.2 for Lot S1, lower than 2.2 for Lot S2, lower than 2 for Lot S3
Land Premium	: RMB186,780,000
2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 321283201310025, permission towards the planning of a parcel of land with a site area of approximately 119,249 sq.m. (including the land of the property) has been granted to Taixing Guangyuan.
3. Pursuant to a State-owned Land Use Rights Certificate — Tai Guo Yong (2010) Di No. 438434, the land use rights of a parcel of land with a site area of approximately 62,833 sq.m. (including the land use rights of the property) have been granted to Taixing Guangyuan, for a term expiring on 25 September 2080 for residential use, 25 September 2050 for commercial use and 25 September 2050 for office use.
4. Pursuant to a Construction Work Planning Permit — Tai Gui Hua Jian Zi Di No. 321283201110076 issued by Planning Bureau of Taixing City in favour of Taixing Guangyuan, the construction works with a total planned gross floor area of approximately 81,819 sq.m. (including the property) have been approved.



5. Pursuant to a Construction Work Commencement Permit — No. 3212832011051200001A issued by Housing and Urban-rural Construction Bureau of Taixing City in favour of Taixing Guangyuan, the commencement of the construction works of the property with a total gross floor area of approximately 46,637 sq.m. (including the property) has been permitted.
6. Pursuant to 3 Pre-sales Permits — (Tai) Fang Xiao Zheng Di Yu Shou Zheng Nos. 289, 309 and 419, in favour of Taixing Guangyuan, the Group is freely entitled to sell the development with a total gross floor area of approximately 105,949.8 sq.m. (including the property) to local and overseas purchasers.
7. Pursuant to 5 Construction Completion and Inspection Certificates/Tables issued by Taixing Housing and Urban-rural construction Bureau, portions of Venice Metropolis (including the property) have been approved to be complied with the urban and rural planning requirements.
8. Pursuant to 10 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 681.99 sq.m. are owned by Taixing Guangyuan.
9. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB11,000/sq.m. to RMB15,000/sq.m. for the villa and from RMB6,300/sq.m. to RMB7,500/sq.m. for the apartment. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of RMB14,987/sq.m. for the villa and RMB7,498/sq.m. for the apartment.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
  - a. Taixing Guangyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.
11. A summary of major certificates/approvals is shown as follows:
 

a. State-owned Land Use Rights Certificate	Yes
b. Construction Land Planning Permit	Yes
c. Construction Work Planning Permit	Yes
d. Construction Work Commencement Permit	Yes
e. Pre-sales Permit	Yes
f. Construction Work Completion and Inspection Certificate/Table	Yes
g. Building Ownership Certificate*	Portion

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
11.	The remaining unsold portion of Qiangxi Garden located at No. 9 East Da Qing Road, Taixing City Jiangsu Province The PRC	<p>The property comprises 36 unsold commercial units of Qiangxi Garden which were completed in 2015.</p> <p>The property is located at No. 9 East Da Qing Road, Taixing City and is well-served by various facilities and public transportation along the main roads.</p> <p>The property has a total gross floor area of approximately 5,778.98 sq.m.</p> <p>The land use rights of the property have been granted for a term with the expiry date on 14 July 2051 for commercial use.</p>	The property is currently vacant.	105,000,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 7 January 2011, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taixing Guangyuan Property Development Co., Ltd. ("Taixing Guangyuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	69,486 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential/40 years for commercial use
Plot Ratio	:	Lower than 1.0 and higher than 3.6
Land Premium	:	RMB476,480,000
- Pursuant to a Construction Land Planning Permit — Tai Gui Hua Di Zi Di No. 321283201110013, permission towards the planning of the aforesaid land parcel with a site area of approximately 69,486 sq.m. (including the land of the property) has been granted to Taixing Guangyuan.
- Pursuant to a State-owned Land Use Rights Certificate — Tai Guo Yong (2011) Di No. 434388, the land use rights of a parcel of land with a site area of approximately 69,486 sq.m. (including the use rights of the property) have been granted to Taixing Guangyuan for terms with the expiry date on 14 July 2081 for residential use and 14 July 2051 for commercial use.
- Pursuant to 2 Construction Work Planning Permits — Tai Gui Hua Jian Zi Di Nos. 321283201210027 and 321283201310041 issued by Planning Bureau of Taixing City in favour of Taixing Guangyuan, the construction works of the development with a total planned gross floor area of approximately 238,354 sq.m. (including the property) have been approved.

5. Pursuant to 5 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Taixing in favour of Taixing Guangyuan, the commencement of the construction works of the following (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
321283020120045	Nos. 1, 3	40,429.00	30 May 2012
321283020120046	Nos. 5, C1 Basement	45,032.00	30 May 2012
321283020120047	Nos. 2, 6	37,978.00	30 May 2012
321283020130073	Nos. 11, 12	41,381.62	28 November 2012
321283020130074	Nos. 13, 15, 16	42,292.85	20 November 2012
	Total:	<u>207,113.47</u>	

6. Pursuant to 7 Construction Completion and Inspection Certificates issued by Project Quality Supervision Institution of Taizhou City, Qiangxi Garden Phase I (including the property) has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to 2 Pre-sales Permits — (Tai) Fang Xiao Zheng Di Yu Shou Zheng Nos. 350 and 385 in favour Taixing Guangyuan, the Group is freely entitled to sell the residential and commercial portions of the development with a total gross floor area of approximately 236,094.17 sq.m. (including the property) to local and overseas purchasers.
8. Pursuant to 34 Building Ownership Certificates, portion of the property with a total gross floor area of approximately 5,659.79 sq.m. is owned by Taixing Guangyuan.
9. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB12,000/sq.m. to RMB22,000/sq.m. for commercial property. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB18,169/sq.m. for commercial property.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Taixing Guangyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.
11. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
12.	The remaining unsold portion of Huangqiao Jiayuan Central Plaza Lot S2 located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	<p>The property comprises 57 unsold commercial units of Huangqiao Jiayuan Central Plaza Lot S2 which were completed in 2015.</p> <p>The property is located at No. 68 of the western side of Dinghui Road, Huangqiao Town in Taixing City and is well-served by various facilities and public transportation along the main roads.</p> <p>The property has a total gross floor area of 7,390.76 sq.m.</p> <p>The land use rights of the property have been granted for a term with the expiry date on 1 April 2053 for commercial use.</p>	The property was vacant as at the valuation date.	58,669,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 10 January 2013, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taixing Hengyuan Property Development Co., Ltd. ("Taixing Hengyuan"), an indirect wholly-owned subsidiary of the Company with the particulars as follows:
 

Site Area	:	81,886 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 2.7 and higher than 1.0
Land Premium	:	RMB123,810,000
- Pursuant to a Construction Land Planning Permit — Huang Jian Di Zi Di No. 321283201320005, permission towards the planning of a parcel of land with a site area of approximately 81,886 sq.m. (including the land of the property) has been granted to Taixing Hengyuan.
- Pursuant to a State-owned Land Use Rights Certificate — Tai Guo Yong (2015) Di No. 4505, the land use rights of a parcel of land with a site area of approximately 35,208 sq.m. (including the land use rights of the property), on which the property is situated, have been granted to Taixing Hengyuan for terms with the expiry date on 1 April 2083 for residential use and 1 April 2053 for commercial use.
- Pursuant to a Construction Work Planning Permit — Tai Huang Gui Hua Jian Zi Di No. 321283201330022 issued by Taixing Huangqiao Peoples' Government in favour of Taixing Hengyuan, the construction works of the property with a total planned gross floor area of approximately 68,904.94 sq.m. (including the property) have been approved.

5. Pursuant to 2 Construction Work Commencement Permits issued by Taixing Housing and Urban Construction Bureau in favour of Taixing Hengyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
321283020130094 Bu Ban	Building Nos. 1, 11, bell tower and basement A	51,348.42	21 October 2013
321283020130095	Building Nos. 2, 9	<u>63,834.92</u>	21 October 2013
	Total:	<u><u>115,183.34</u></u>	

6. Pursuant to a Construction Completion and Inspection Table issued by Construction Bureau of Huangqiao Town in favour of Taixing Hengyuan, Huangqiao Jiayuan Central Plaza Lot S2 (including the property) has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to 16 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 2,571.10 sq.m. are owned by Taixing Hengyuan.
8. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from RMB7,000/sq.m. to RMB10,000/sq.m. on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of RMB7,938/sq.m. on the first floor for the subject property.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Taixing Hengyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.
10. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |

- \* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

## Group II — Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
13.	Zijin Mansion Phases I, II and III under construction located at Gujiaying Road Xuanwu District Nanjing City Jiangsu Province The PRC	<p>The property comprises three parcels of land with a total site area of approximately 339,007.6 sq.m., residential buildings and retail shops known as Zijin Mansion Phases I, II and III which were being constructed thereon as at the valuation date.</p> <p>The property is located at Gujiaying Road, Xuanwu District and is well-served by public facilities.</p> <p>The development is scheduled to be completed in June 2017. Upon completion, the development will have a total gross floor area of approximately 502,067.65 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">264,639.00</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">69,922.00</td> </tr> <tr> <td>Underground car-parking spaces</td> <td style="text-align: right;">128,787.65</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;"><u>38,719.00</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>502,067.65</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	264,639.00	Commercial	69,922.00	Underground car-parking spaces	128,787.65	Ancillary	<u>38,719.00</u>	<b>Total:</b>	<b><u>502,067.65</u></b>	The property was under construction as at the valuation date.	5,731,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	264,639.00															
Commercial	69,922.00															
Underground car-parking spaces	128,787.65															
Ancillary	<u>38,719.00</u>															
<b>Total:</b>	<b><u>502,067.65</u></b>															
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB4,482,000,000, of which RMB2,803,000,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 7 December 2079 for residential use and 7 December 2049 for commercial use.</p>														

*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 13 July 2005, a supplementary agreement for the State-owned Land Use Rights Grant Contract and a change of transferee circular, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Nanjing Xinhaoning Property Development Co., Ltd. (“Nanjing Xinhaoning”), an indirect wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	424,537.6 sq.m.
Land Use	:	Residential and commercial use
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 1.35 for residential use and lower than 0.7 for commercial use
Land Premium	:	RMB650,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 32010221211294, permission towards the planning of a parcel of land with a site area of approximately 425,280.0 sq.m. (including the land of the property) has been granted to Nanjing Xinhaoning.
3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 339,007.6 sq.m. have been granted to Nanjing Xinhaoning with the particulars as follows:

<b>Land Use Rights Certificate</b>	<b>Site Area</b> (sq.m.)	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
Ning Xuan Guo Yong (2012) Di No. 06759	142,255.6	Residential Commercial	7 December 2079 7 December 2049	17 August 2012
Ning Xuan Guo Yong (2012) Di No. 06758	127,539.0	Residential Commercial	7 December 2079 7 December 2049	17 August 2012
Ning Xuan Guo Yong (2012) Di No. 07541	69,213.0	Residential Commercial	7 December 2079 7 December 2049	17 August 2012
Total:	<u>339,007.6</u>			

4. Pursuant to 7 Construction Work Planning Permits issued by Nanjing Municipal Bureau of Planning in favour of Nanjing Xinhaoning, the construction works of the following buildings have been approved.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
Jian Zi Di No. 320102201410038	Zijin Mansion Plot A (Nos. 39–40, Nos. 46–49, Basement)	99,364.5	27 January 2014
Jian Zi Di No. 320102201410082	Zijin Mansion Plot A	57,121.7	5 March 2014
Jian Zi Di No. 320102201410196	Zijin Mansion Plot A (Nos. 35 and 41, Basement)	19,867.6	16 April 2014
Jian Zi Di No. 320102201410268	Zijin Mansion Plot A (Nos. 36–37, Nos. 42–43)	19,785.6	14 May 2014
Jian Zi Di No. 320102201410328	Zijin Mansion Plot A (Nos. 8–9, Nos. 20, Basement)	23,906.8	3 June 2014
Jian Zi Di No. 320102201410920	Zijin Mansion Plot A Phase VI	26,217.8	29 December 2014
Jian Zi Di No. 320102201510523	Zijin Mansion Plot C	69,941.2	29 July 2015
Jian Zi Di No. 320102201410836	Zijin Mansion Plot A (Nos. 50–54, Kindergarten)	35,240.1	15 December 2014
Total:		<u>351,445.3</u>	



5. Pursuant to 7 Construction Work Commencement Permits issued by Nanjing Municipal Commission of Housing and Urban-rural Development in favour of Nanjing Xinhaoning, the commencement of the construction works of the following buildings have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
320100020140077	Nos. 39, 40, 46-49, Basement	99,364.5	23 April 2014
320100020140239	Nos. 27-34, 38, 44, 45	57,121.7	11 November 2014
320100020140240	Nos. 35-37, 41-43, Basement	39,653.2	11 November 2014
320100020150122	Nos. 8, 9, 20, Basement II	23,906.8	29 April 2015
320100020150120	Nos. 50-54	31,925.6	29 April 2015
320102201509220101	Nos. 01-07,10-19,21-26	28,735.8	22 September 2015
320102201509220201	Nos. 55-56, Underground Car Park	69,941.2	22 September 2015
	Total:	<u><u>350,648.8</u></u>	

6. Pursuant to 8 Pre-sales Permits — Ning Fang Xiao Di Nos. 2014100047, 2014100064, 2014100190, 2014100164, 2015100048, 2015100083, 2015100110 and 2015100162 in favour of Nanjing Xinhaoning, the Group is freely entitled to sell portions of the development with a total gross floor area of approximately 171,800.15 sq.m. to local and overseas purchasers.
7. As advised by the Group, portions of the property comprising a total gross floor area of 148,498.35 sq.m. have been pre-sold to various third parties at a total consideration of RMB3,114,040,931.69. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB8,155,000,000. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential/commercial developments in the locality which are in the region of RMB17,000/sq.m. to RMB23,000/sq.m. for residential use and RMB30,000/sq.m. to RMB35,000/sq.m. for commercial use. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. Pursuant to 2 Mortgage Contracts, the land use rights and the construction of the property are subject to a mortgage in favor of CITIC Trust (the "CITIC"), as a security to guarantee the principal obligation under the loan contract entered into between the CITIC and Nanjing Xinhaoning for an amount of RMB2,680,000,000.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Nanjing Xinhaoning has obtained the land use rights of the property;
  - b. Nanjing Xinhaoning is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the land use rights of the property upon the consent from the mortgagee within the mortgage period; and
  - c. Nanjing Xinhaoning has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
11. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Portion |
| d. Construction Work Commencement Permit                         | Portion |
| e. Pre-sales Permit  | Portion |
| f. Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
14.	Xueyan Jiayuan Central Plaza Phases I, II and III under construction located at the southern side of Xingzheng Road and the eastern side of Taibei Road Panjia Village Xueyan Town Wujin District Changzhou City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 58,601.0 sq.m., various residential buildings, retail shops, hotel and mall known as Xueyan Jiayuan Central Plaza Phases I, II and III which were being constructed thereon as at the valuation date.</p> <p>The property is located at the southern side of Xingzheng Road and the eastern side of Taibei Road, Panjia Village, Xueyan Town, Wujin District and is well-served by public facilities.</p> <p>The development is scheduled to be completed in June 2017. Upon completion, the development will have a total gross floor area of approximately 187,915.0 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">75,354.0</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">78,462.0</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">30,321.0</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;"><u>3,778.0</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>187,915.0</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	75,354.0	Commercial	78,462.0	Underground	30,321.0	Ancillary	<u>3,778.0</u>	<b>Total:</b>	<b><u>187,915.0</u></b>	The property was under construction as at the valuation date.	609,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	75,354.0															
Commercial	78,462.0															
Underground	30,321.0															
Ancillary	<u>3,778.0</u>															
<b>Total:</b>	<b><u>187,915.0</u></b>															
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB611,000,000, of which RMB361,000,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 30 August 2083 for residential use and 30 August 2053 for commercial use.</p>														

*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 1 August 2013 and a supplementary agreement for the State-owned Land Use Rights Grant Contract, the land use rights of the property were contracted to be granted to Changzhou Jinyuan Property Development Co., Ltd. (“Changzhou Jinyuan”), an indirect wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	58,601.0 sq.m.
Land Use	:	Residential and commercial use
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 2.9 and higher than 1.0
Land Premium	:	RMB70,321,200

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 320400201370143, permission towards the planning of a parcel of land with a site area of approximately 58,601.0 sq.m. has been granted to Changzhou Jinyuan.
3. Pursuant to a State-owned Land Use Rights Certificate — Wu Guo Yong (2013) Di No. 22441, the land use rights of a parcel of land with a site area of approximately 58,601.0 sq.m., on which the property is situated, have been granted to Changzhou Jinyuan for terms with the expiry date on 30 August 2083 for residential use and 30 August 2053 for commercial use.
4. Pursuant to 6 Construction Work Planning Permits issued by Changzhou Municipal Bureau of Planning in favour of Changzhou Jinyuan, the construction works of the following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Jian Zi Di No. 320400201370167	Phase I	62,544.32	4 December 2013
Jian Zi Di No. 320400201470151	No. 5-2-B	2,572.14	12 November 2014
Jian Zi Di No. 320400201570027	No. 2	16,196.66	19 March 2015
Jian Zi Di No. 320400201570056	Nos. 1, 3, Basement	51,473.00	27 April 2015
Jian Zi Di No. 320400201570057	Nos. 11, 12, Zone C Carpark	31,806.10	27 April 2015
Jian Zi Di No. 320400201570058	Nos. 13, 14	23,323.70	29 April 2015
	Total:	<u>187,915.92</u>	

5. Pursuant to 5 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Wujin in favour of Changzhou Jinyuan, the commencement of the construction works of the following buildings have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
320483201312310201	Phase I	62,871.29	31 December 2013
320483201412030101	No. 5-2#-B	2,572.14	3 December 2014
320483201504230101	No. 2#	16,193.66	2 April 2015
320483201505290201	Nos. 1, 3, Basement	50,928.00	29 May 2015
320483201506050101	Nos. 11, 12, Zone C Basement	31,865.00	5 June 2015
	Total:	<u>164,430.09</u>	

6. Pursuant to 4 Pre-sales Permits — Chang Wu (2014) Fang Yu Shou Zheng Di Nos. (055), (136) and Chang Wu (2015) Fang Yu Shou Zheng Di Nos. 041 and 061 in favour of Changzhou Jinyuan, the Group is freely entitled to sell the residential, commercial portions of the development with a total gross floor area of approximately 87,537.27 sq.m. to local and overseas purchasers.

7. As advised by the Group, portions of the property comprising a total gross floor area of 58,258.55 sq.m. have been pre-sold to various third parties at a total consideration of RMB335,928,635. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,000,656,000. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential/commercial developments in the locality which are in the region of RMB4,400/sq.m. to RMB5,200/sq.m. for residential use and RMB8,300/sq.m. to RMB9,200/sq.m. for commercial use. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Changzhou Jinyuan has obtained land use rights of the property;
  - b. Changzhou Jinyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property; and
  - c. Changzhou Jinyuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
10. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Portion |
| e. | Pre-sales Permit  | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
15.	Huangqiao Jiayuan Central Plaza Lot S2 under construction located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 23,372 sq.m. and several residential and commercial buildings known as Huangqiao Jiayuan Central Plaza Lot S2 which were being constructed thereon as at the valuation date.</p> <p>The property is located at No. 68 of the western side of Dinghui Road, Huangqiao Town in Taixing City and is well-served by public facilities.</p> <p>The development is scheduled to be completed between June 2016 and June 2017. Upon completion, the development will have a total gross floor area of approximately 118,593.84 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">82,028.28</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">5,011.56</td> </tr> <tr> <td>Underground Car-parking spaces</td> <td style="text-align: right;">29,790</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;"><u>1,764.00</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>118,593.84</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	82,028.28	Commercial	5,011.56	Underground Car-parking spaces	29,790	Ancillary	<u>1,764.00</u>	<b>Total:</b>	<b><u>118,593.84</u></b>	The property was under construction as at the valuation date.	382,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	82,028.28															
Commercial	5,011.56															
Underground Car-parking spaces	29,790															
Ancillary	<u>1,764.00</u>															
<b>Total:</b>	<b><u>118,593.84</u></b>															
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB280,908,000, of which RMB246,844,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 1 April 2083 for residential use and 1 April 2053 for commercial use.</p>														

*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 10 January 2013, the land use rights of a parcel of land (including with the land use rights of the property) were contracted to be granted to Taixing Hengyuan Property Development Co., Ltd. (“Taixing Hengyuan”), an indirect wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	81,886 sq.m.
Land Use	:	Residential and commercial use
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 2.7 and higher than 1.0
Land Premium	:	RMB123,810,000

2. Pursuant to a Construction Land Planning Permit — Huang Jian Di Zi Di No. 321283201320005, permission towards the planning of a parcel of land with a site area of approximately 81,886 sq.m. (including the land of the property) has been granted to Taixing Hengyuan.
3. Pursuant to a State-owned Land Use Rights Certificate — Tai Guo Yong (2015) Di No. 4504, the land use rights of a parcel of land with a site area of approximately 23,372 sq.m., on which the property is situated, have been granted to Taixing Hengyuan for terms with the expiry date on 1 April 2083 for residential use and 1 April 2053 for commercial use.
4. Pursuant to 2 Construction Work Planning Permits issued by Taixing Huangqiao Government in favour of Taixing Hengyuan, the construction works of Huangqiao Jiayuan Central Plaza Lot S2 with a total planned gross floor area of approximately 169,294.78 sq.m. (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Tai Huang Gui Hua Jian Zi Di No. 321283201330022	Nos. 1, 2 and bell tower	68,904.94	3 July 2013
Tai Huang Gui Hua Jian Zi Di No. 321283201330028	Nos. 8, 9, 10, 11 and basement A	100,389.84	6 September 2013
	Total:	<u>169,294.78</u>	

5. Pursuant to 3 Construction Work Commencement Permits issued by Taixing Housing and Urban Construction Bureau in favour of Taixing Hengyuan, the commencement of the construction works of the following buildings (including the property) have been permitted:

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
321283020130094 Bu Ban	Nos. 1, 11, bell tower and basement A	51,348.42	21 October 2013
321283020130095	Nos. 2, 9	63,834.92	21 October 2013
321283020140028	Nos. 8, 10	<u>54,111.44</u>	3 April 2014
	Total:	<u>169,294.78</u>	

6. Pursuant to 2 Pre-sales Permits — (Tai) Fang Xiao Zheng Di Yu Shou Zheng Nos. 429 and 411 in favour of Taixing Hengyuan, the Group is freely entitled to sell portions of the property with a total gross floor area of approximately 86,192.40 sq.m. to local and overseas purchasers.

7. As advised by the Group, portions of the property comprising a total gross floor area of 49,909.5 sq.m. have been pre-sold to various third parties at a total consideration of RMB250,523,661. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB406,648,900. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential/commercial developments in the locality which are in the region of RMB4,200/sq.m. to RMB5,200/sq.m. for residential use and RMB6,600/sq.m. to RMB11,000/sq.m. for commercial use. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. Pursuant to a Mortgage Contract, portions of the land use rights and building ownership rights of Huangqiao Jiayuan Central Plaza (including the property) are subject to a mortgage in favour of AVIC Trust Co., Ltd., (“AVIC”), as a security to guarantee the principal obligation under the loan contract entered into between AVIC and Taixing Hengyuan, for an amount of RMB350,000,000.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taixing Hengyuan has obtained the land use rights of the property;
  - b. Taixing Hengyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the land use rights of the property upon the consent from the mortgagee within the mortgage period; and
  - c. Taixing Hengyuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
11. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Yes     |
| d. Construction Work Commencement Permit                         | Yes     |
| e. Pre-sales Permit  | Portion |
| f. Construction Work Completion and Inspection Certificate/Table | N/A     |



## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
16.	Suqian Park Number One Phases III & IV under construction located at No. 10 Yingmati Road Suqian City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 36,893.05 sq.m. and various residential buildings known as Suqian Park Number One Phases III &amp; IV which were being constructed thereon as at the valuation date.</p> <p>The property is located at the northern side of Yanggong Road in Sucheng District and is well-served by various facilities and public transportation along the main roads.</p> <p>The development of Phase III is scheduled to be completed in June 2016 and Phase IV is scheduled to be completed in October 2017. Upon completion, the development will have a total gross floor area of approximately 146,608.5 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">111,103.5</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">12,351.0</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">21,478.0</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;"><u>1,676.0</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>146,608.5</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	111,103.5	Commercial	12,351.0	Underground	21,478.0	Ancillary	<u>1,676.0</u>	<b>Total:</b>	<b><u>146,608.5</u></b>	The property was under construction as at the valuation date.	656,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	111,103.5															
Commercial	12,351.0															
Underground	21,478.0															
Ancillary	<u>1,676.0</u>															
<b>Total:</b>	<b><u>146,608.5</u></b>															
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB553,837,000, of which RMB415,985,701 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry date on 18 May 2081 for residential use.</p>														

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 14 August 2009, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Suqian Jia Yuan Property Development Co., Ltd. ("Suqian Jia Yuan"), a non-wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	127,333.0 sq.m.
Land Use	:	Residential use
Land Term	:	70 years for residential use
Plot Ratio	:	Lower than 2.5
Land Premium	:	RMB181,449,525

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 321300201010012, permission towards the planning of a parcel of land with a site area of approximately 127,333.0 sq.m. (including the land of the property) has been granted to Suqian Jia Yuan.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 126,182.9 sq.m. (including the land use rights of the property), on which the property is situated, have been granted to Suqian Jia Yuan as follows:

<b>Land Use Rights Certificate</b>	<b>Site Area</b> (sq.m.)	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
Su Guo Yong (2011) Di No. 6343	50,925.9	Residential	18 May 2081	1 June 2011
Su Guo Yong (2011) Di No. 6007	75,257.0	Residential	18 May 2081	20 May 2011
Total:	<u>126,182.9</u>			

4. Pursuant to 6 Construction Work Planning Permits issued by Construction and Planning Bureau of Suqian City in favour of Suqian Jia Yuan, the construction works of the following buildings (including the property) have been approved.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
Jian Zi Di No. 321300201410022	Nos. 1, 2, 4 Suqian Park Number One	520.0	4 May 2014
Jian Zi Di No. 32130020150004	Nos. 6, 7 Suqian Park Number One	22,360.0	4 February 2015
Jian Zi Di No. 321300201310023	Nos. 8-13,15-17 Suqian Park Number One	78,050.0	15 March 2015
Jian Zi Di No. 321300201510021	Nos. 1, 2, 5 Suqian Park Number One	35,985.89	11 May 2015
Jian Zi Di No. 321300201110080-1-1	Underground Carpark	18,303.03	21 November 2011
Total:		<u>155,218.92</u>	

5. Pursuant to 6 Construction Work Commencement Permits issued by Construction and Planning Bureau of Suqian City in favour of Suqian Jia Yuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
321302201506290101	Nos. 6, 7, 8 Basement	13,112	29 June 2015
321300020150003	Fundamental Project (pile foundation)	N/A	22 January 2015
321300020150019	Nos. 6, 7	22,360.0	13 March 2015
321300020130070	Nos. 8-13, 15-17 and basement	99,614.0	31 May 2013
321302201506100101	Nos. 1, 2, 5	35,985.9	10 June 2015
321302201510270101	Nos. 8-13, 15-17 Commercial Building	13,338	27 October 2015
Total:		<u>184,409.9</u>	

6. Pursuant to 5 Pre-sales Permits — (Su Fang Shou) Nei Xiao Zhun Zi Di Nos. 2013088, 2014027, 2015025, 2015033-1 and 2015033-2 in favour of Suqian Jia Yuan, the Group is freely entitled to sell portions of the property with a total gross floor area of approximately 118,047.1 sq.m. to local and overseas purchasers.

7. As advised by the Group, portions of the property comprising a total gross floor area of 87,239 sq.m. have been pre-sold to various third parties at a total consideration of RMB498,217,907. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB712,976,000. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential/commercial developments in the locality which are in the region of RMB5,500/sq.m. to RMB5,800/sq.m. for residential use and RMB7,600/sq.m. to RMB11,000/sq.m. for commercial use. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Suqian Jia Yuan has obtained the land use rights of the property;
  - b. Suqian Jia Yuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property; and
  - c. Suqian Jia Yuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
10. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB										
17.	Paris Metropolis Phases II and III under construction located at the eastern side of Taoyuan Road, the northern side of Zhongxing Road and the western side of Fanrong Road Siyang County Suqian City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 22,784.6 sq.m. and 10 residential buildings and 1 commercial building known as Paris Metropolis Phases II and III which were being constructed thereon as at the valuation date.</p> <p>The property is located at the eastern side of Taoyuan Road, the northern side of Zhongxing Road and the western side of Fanrong Road in Siyang County and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be completed in December 2016. Upon completion, the development will have a total gross floor area of approximately 117,115.79 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">95,096.60</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">17,403.46</td> </tr> <tr> <td>Underground car-parking spaces</td> <td style="text-align: right;">4,615.73</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>117,115.79</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	95,096.60	Commercial	17,403.46	Underground car-parking spaces	4,615.73	<b>Total:</b>	<b><u>117,115.79</u></b>	The property was under construction as at the valuation date.	502,000,000
Usage	Planned Gross Floor Area (sq.m.)													
Residential	95,096.60													
Commercial	17,403.46													
Underground car-parking spaces	4,615.73													
<b>Total:</b>	<b><u>117,115.79</u></b>													
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB444,424,375, of which RMB380,067,354 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 22 March 2080 for residential use and 22 March 2050 for commercial use.</p>												

*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 30 August 2009, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Suqian Jia Yuan Property Development Co., Ltd. (“Suqian Jia Yuan”), an indirect non-wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	173,931 sq.m.
Land Use	:	Residential and commercial use
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 2.5
Land Premium	:	RMB300,030,975

2. Pursuant to a Construction Land Planning Permit — Di Zi No. 321323201000023, permission towards the planning of a parcel of land with a site area of approximately 173,953.60 sq.m. (including the land of the property) has been granted to Suqian Jia Yuan.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 173,000 sq.m.(including the land use rights of the property) have been granted to Suqian Jia Yuan with the particulars as follows:

<b>Land Use Rights Certificate</b>	<b>Site Area</b> <i>(sq.m.)</i>	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
Si Guo Yong (2011) Di No.1116031	60,515	Residential	22 March 2080	10 August 2011
Si Guo Yong (2011) Di No.1116032	112,485	Commercial	22 March 2050	23 August 2011
		Residential	22 March 2080	
		Commercial	22 March 2050	
Total:	<u>173,000</u>			

4. Pursuant to 4 Construction Work Planning Permits issued by Housing and Urban-rural Construction Bureau of Siyang County in favour of Suqian Jia Yuan, the construction works of the following buildings (including the property) have been approved.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> <i>(sq.m.)</i>	<b>Issued Date</b>
Jian Zi Di No. 321323201200105T	Nos. A1-2, A6-7, B1,B3,B5,C5-C10, C17-C23, C25-C27	599,893.00	20 November 2012
Jian Zi Di No. 321323201000100	Nos. A3,A5,A9-A13, Square, Basement	27,433.00	26 November 2010
Jian Zi Di No. 321323201500049	A1-A2	28,155.41	3 July 2015
Jian Zi Di No. 32132301500043	Nos. A6, A7, C21-C23 Underground Basement	94,796.36	9 November 2015
Total:		<u>750,277.77</u>	

5. Pursuant to 3 Construction Work Commencement Permits issued by Housing and Urban-rural Construction Bureau of Siyang County in favour of Suqian Jia Yuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
3213232011080900001A	A3, A5, A9, A10 and underground car park	17,891	10 August 2011
321323020110006	A12, A13 and 1#	10,702	2 November 2011
321323020120035A	A1, A2, A6, A7, B1-B3, B5, B6, C5-C10, C17-C23, C25-C27	599,893	3 December 2012
	Total:	<u>628,486</u>	

6. Pursuant to 6 Pre-sales Permits — Si Fang Huai Yu (2014) Nos. 086, 002, 071 and 033, Si Fang Huai Yu (2015) Nos. 005 and 038 in favour of Suqian Jia Yuan, the Group is freely entitled to sell portions of the property with a total gross floor area of approximately 123,422.84 sq.m. to local and overseas purchasers.
7. As advised by the Group, portions of the property comprising a total gross floor area of 52,428 sq.m. have been pre-sold to various third parties at a total consideration of RMB261,452,286. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property, as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB624,451,000. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential/commercial developments in the locality which are in the region of RMB11,000/sq.m. to RMB14,000/sq.m. for commercial use and RMB4,900/sq.m. to RMB12,000/sq.m. for residential use. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. Pursuant to a Mortgage Contract, portions of the land use rights of the Paris Metropolis (including the land use right of the property) are subject to a mortgage in favour of China Huarong Asset Management Co., Ltd. Zhejiang Branch (“Huarong”), as a security to guarantee the principal obligation under the loan contract entered into between Huarong and Suqian Jia Yuan for an amount of RMB500,000,000.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Suqian Jia Yuan has obtained the land use rights of the property;
  - b. Suqian Jia Yuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the land use rights of the property upon the consent from the mortgagee within the mortgage period; and
  - c. Suqian Jia Yuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
11. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Yes     |
| d. Construction Work Commencement Permit                         | Yes     |
| e. Pre-sales Permit  | Portion |
| f. Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
18.	Rome Metropolis Phases II, III and portion of IV under construction located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 60,143.93 sq.m. and various residential and commercial buildings known as Rome Metropolis Phases II, III and portion of IV which were being constructed thereon as at the valuation date.</p> <p>The property is located at the intersection of Huaihai Road and Xi'an Road, in Siyang County and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be completed in November 2016. Upon completion, the development will have a total gross floor area of approximately 126,339.86 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">103,869.64</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">11,310.22</td> </tr> <tr> <td>Underground car-parking spaces</td> <td style="text-align: right;">10,290.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;"><u>870.00</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>126,339.86</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	103,869.64	Commercial	11,310.22	Underground car-parking spaces	10,290.00	Ancillary	<u>870.00</u>	<b>Total:</b>	<b><u>126,339.86</u></b>	The property was under construction as at the valuation date.	428,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	103,869.64															
Commercial	11,310.22															
Underground car-parking spaces	10,290.00															
Ancillary	<u>870.00</u>															
<b>Total:</b>	<b><u>126,339.86</u></b>															
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB351,435,000, of which RMB256,810,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 8 October 2083, 14 January 2084, 10 July 2084 and 17 September 2085 for residential use and on 21 October 2053, 8 October 2053, 10 January 2054, 10 July 2054 and 17 September 2055 for commercial use.</p>														



## Notes:

1. Pursuant to 5 State-owned Land Use Rights Grant Contracts entered into between State-owned Land Resources Bureau of Siyang County and Siyang Fengyuan Property Development Co., Ltd. ("Siyang Fengyuan"), an indirect wholly-owned subsidiary of the Company, the land use rights of 5 parcels of land (including the land use rights of the property) were contracted to be granted to Siyang Fengyuan with the particulars as follows:

<u>No.</u>	<u>Land Use</u>	<u>Site Area</u> (sq.m.)	<u>Land Term</u>	<u>Plot Ratio</u>	<u>Land Premium</u> (RMB)
3213232013CR0128	Commercial	35,026	40 years	≤4.0	52,539,000
	Residential		70 years		
3213232013CR0290	Commercial	4,999	40 years	≤4.0	5,998,800
	Residential		70 years		
3213232013CR0294	Commercial	46,219	40 years	≤4.0	55,462,800
	Residential		70 years		
3213232014CR0169	Commercial	8,654	40 years	≤4.0	12,981,000
	Residential		70 years		
3213232013CR0178	Commercial	8,080	40 years	≤ 3.5 ≥ 1	9,696,000
Total:		<u>102,978</u>			<u>136,677,600</u>

2. Pursuant to 4 Construction Land Planning Permits — Nos. 321323201300141, 321323201300185, 321323201300186 and 321323201300187, permission towards the planning of 4 parcels of land with a total site area of approximately 92,426.57 sq.m. (including the land of the property) has been granted to Siyang Fengyuan.
3. Pursuant to 5 State-owned Land Use Rights Certificates, the land use rights of 5 parcels of land with a total site area of approximately 102,978 sq.m. (including the land use rights of the property) have been granted to Siyang Fengyuan with the particulars as follows.

<u>Land Use Right Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Si Guo Yong (2013) Di No. 5294	35,026	Commercial	8 October 2053	15 October 2013
		Residential	8 October 2083	
Si Guo Yong (2014) Di No. 571	4,999	Commercial	14 January 2054	18 January 2014
		Residential	14 January 2084	
Si Guo Yong (2014) Di No. 3480	46,219	Commercial	10 July 2054	22 August 2014
		Residential	10 July 2084	
Si Guo Yong (2015) Di No. 5183	8,654	Commercial	17 September 2055	18 September 2015
		Residential	17 September 2085	
Si Guo Yong (2013) Di No. 5694	8,080	Commercial	21 October 2053	31 October 2014
Total:	<u>102,978</u>			

4. Pursuant to 6 Construction Work Planning Permits issued by Housing and Urban-rural Construction Bureau of Siyang County in favour of Siyang Fengyuan, the construction works of the following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> ( <i>sq.m.</i> )	<u>Issued Date</u>
Jian Zi Di No. 321323201400010	A1	23,763.00	28 February 2014
Jian Zi Di No. 321323201300106T	B7, B8, B11, B12, B17, B18	118,020.00	25 October 2013
Jian Zi Di No. 321323201500037	Commercial Street, Basement B	17,277.71	23 April 2015
Jian Zi Di No. 321323201500041	B17, B18	221,196.55	18 May 2015
Jian Zi Di No. 321323201500057	D6, D10, D13, D18, D19	34,310.86	17 August 2015
Jian Zi Di No. 321323201300107T	Mall 16	48,000.00	25 October 2013
	Total:	<u>462,568.12</u>	

5. Pursuant to 4 Construction Work Commencement Permits issued by Housing and Urban-rural Construction Bureau of Siyang County in favour of Siyang Fengyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> ( <i>sq.m.</i> )	<u>Issued Date</u>
321323020140015	A1	23,763	22 April 2013
321323020131109001A	B7, B8, B11, B12, B17, B18 Shoppig Mall	166,020	28 July 2012
3213230201507240201	B17, B18	21,887	24 July 2015
321323201509110101	D6, D10-D13, D18, D19	<u>33,787</u>	11 September 2015
	Total:	<u>245,457</u>	

6. Pursuant to 3 Pre-sales Permits — Si Fang Huai Yu (2014) No. 017, (2015) No. 049 and (2015) No. 016 in favour of Siyang Fengyuan, the Group is freely entitled to sell portions of the development with a total gross floor area of approximately 75,659.09 sq.m. to local and overseas purchasers.
7. As advised by the Group, portions of the property comprising a total gross floor area of approximately 41,497.00 sq.m. have been pre-sold to various third parties at a total consideration of RMB162,181,688. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB513,427,000. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential/commercial developments in the locality which are in the region of RMB7,000/sq.m. to RMB8,500/sq.m. for commercial use and RMB3,500/sq.m. to RMB4,000/sq.m. for residential use. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. Pursuant to 2 Mortgage Contracts, portions of the land use rights of Rome Metropolis (including the land use rights of the property) are subject to a mortgage in favour of AVIC Trust Co., LTD., (the "AVIC"), as a security to guarantee the principal obligation under the loan contract entered into between the AVIC and Siyang Fengyuan for an amount of RMB540,000,000.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Siyang Fengyuan has obtained the land use rights of the property;
  - b. Siyang Fengyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the land use rights of the property upon the consent from the mortgagee within the mortgage period; and
  - c. Siyang Fengyuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
11. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
19.	Venice Metropolis under construction located at No. 333 North Gulou Road Taixing City Jiangsu Province The PRC	<p>The property comprises two parcels of land with a total site area of approximately 171,547 sq.m., various residential and commercial buildings known as Venice Metropolis which were being constructed thereon as at the valuation date.</p> <p>The property is located at No. 333 North Gulou Road, Taixing City, Jiangsu Province and is well-served by various facilities.</p> <p>The development is scheduled to be completed in June 2017. Upon completion, the development will have a total gross floor area of approximately 432,611.31 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">365,754.76</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">7,028.40</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">55,302.57</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;"><u>4,525.58</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>432,611.31</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	365,754.76	Commercial	7,028.40	Underground	55,302.57	Ancillary	<u>4,525.58</u>	<b>Total:</b>	<b><u>432,611.31</u></b>	The property was under construction as at the valuation date.	1,303,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	365,754.76															
Commercial	7,028.40															
Underground	55,302.57															
Ancillary	<u>4,525.58</u>															
<b>Total:</b>	<b><u>432,611.31</u></b>															
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB1,467,000,000, of which RMB551,000,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 25 September 2080 and 6 February 2082 for residential use, 6 February 2052 and 25 September 2050 for commercial use.</p>														

## Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts entered into between Taixing Land and Resources Bureau and Taixing Guangyuan Property Development Co., Ltd. (“Taixing Guangyuan”), an indirect wholly-owned subsidiary of the Company, the land use rights of 2 parcels of land (including the land use rights of property) were contracted to be granted to Taixing Guangyuan with the particulars as follows:

<u>No.</u>	<u>Land Use</u>	<u>Site Area</u> (sq.m.)	<u>Land Term</u>	<u>Plot Ratio</u>	<u>Land Premium</u> (RMB)
3212832010CR0065	Residential	99,083	70 years	≤2.2	140,880,000
	Commercial		40 years		
3212832011CR0040	Residential	140,378	70 years	≥1, ≤2.364	248,660,000
	Commercial		40 years		
Total:		<u>239,461</u>			<u>389,540,000</u>

2. Pursuant to 2 Construction Land Planning Permits — Tai Gui Hua Di Zi Di Nos. 321283201310025, 321283201010062, permission towards the planning of 2 parcels of land with a total site area of approximately 497,317.1 sq.m. (including the land of the property) has been granted to Taixing Guangyuan.

3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of 3 parcels of land with a total site area of approximately 205,038.3 sq.m. (including the land use rights of the property) have been granted to Taixing Guangyuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Tai Guo Yong (2010) Di No.438436	99,083.0	Residential	25 September 2080	30 September 2010
Tai Guo Yong (2012) Di No.1730	43,122.3	Residential Commercial Office	6 February 2082 6 February 2052 6 February 2062	10 February 2012
Tai Guo Yong (2010) Di No. 438434	62,833.0	Residential Commercial Office	25 September 2080 25 September 2050 25 September 2060	30 September 2010
Total:	<u>205,038.3</u>			

4. Pursuant to 4 Construction Work Planning Permits issued by Planning Bureau of Taixing City in favour of Taixing Guangyuan, the construction works of the following buildings (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Tai Gui Hua Jian Zi Di No. 321283201410028	Nos. 1-9	28,292	13 May 2014
Tai Gui Hua Jian Zi Di No. 321283201410050	Nos. 10-18	90,639	12 June 2014
Tai Gui Hua Jian Zi Di No. 321283201500005	Sheng Huang Gong	202,363	10 April 2015
Tai Gui Hua Jian Zi Di No. 321283201410086	7 buildings	108,142	24 October 2014
Total:		<u>429,436</u>	

5. Pursuant to 5 Construction Work Commencement Permits issued by Taixing Municipal Commission of Housing and Urban-rural Development in favour of Taixing Guangyuan, the commencement of the construction works (including the property) have been permitted:

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
No. 321283020140043	Nos. 1-3, 5-9, Basement	28,292.0	30 May 2014
No. 321283020140131	Nos. 10, 11, 15, 16	45,744.0	18 December 2014
No. 321283020140130	Nos. 12, 13, 17, 18 Underground carpark	44,282.0	18 December 2014
No. 321283201505290101	Sheng Nos. 1-3, 5-9, Commercial No. 1-2 & Underground carpark	202,363.0	29 May 2015
No. 321283201507090101	Wei Nos. 19-26, 2# Basement, Air-raised basement, Ancillary	124,279.2	9 July 2015
Total:		444,960.2	

6. Pursuant to 2 Pre-sales Permits — Tai Fang Xiao Zheng Di Yu Shou Zheng Nos. 415 and 464 in favour of Taixing Guangyuan, the Group is freely entitled to sell portions of the development with a total gross floor area of approximately 63,148.92 sq.m. to local and overseas purchasers.
7. As advised by the Group, portions of the property comprising a total gross floor area of approximately 30,516.98 sq.m. have been pre-sold to various third parties at a total consideration of RMB172,713,113. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,670,713,000. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential developments in the locality which are in the region of RMB6,300/sq.m. to RMB7,400/sq.m. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. Pursuant to a Mortgage Contract, portions of the land use rights of Venice Metropolis (including the land use rights of the property) are subject to a mortgage in favour of China Huangrong Asset Management Co., Ltd. Zhejiang Branch (“Huarong”), as a security to guarantee the principal obligation under the loan contract entered into between Huarong and Taixing Guangyuan, Taizhou Jia Yuan, Haiyan Jiayuan, Suqian Jia Yuan for an amount of RMB340,000,000.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taixing Guangyuan has obtained the land use rights of the property;
  - b. Taixing Guangyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the land use rights of the property upon the consent from the mortgagee within the mortgage period; and
  - c. Taixing Guangyuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
11. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Yes     |
| d. Construction Work Commencement Permit                         | Yes     |
| e. Pre-sales Permit  | Portion |
| f. Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
20.	Jiayuan New World Phases I and II under construction located at No. 9 East Daqing Road Taixing City Jiangsu Province The PRC	<p>The property comprises 4 parcels of land with a total site area of approximately 121,316 sq.m., various residential and commercial buildings known as Jiayuan New World Phases I and II which were being constructed thereon as at the valuation date.</p> <p>The property is located at No. 9 East Daqing Road, Taixing City, and is well-served by various facilities.</p> <p>The development is scheduled to be completed in June 2018. Upon completion, the development will have a total gross floor area of approximately 331,234.66 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">82,873.00</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">152,575.66</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">92,404.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;"><u>3,382.00</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>331,234.66</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	82,873.00	Commercial	152,575.66	Underground	92,404.00	Ancillary	<u>3,382.00</u>	<b>Total:</b>	<b><u>331,234.66</u></b>	The property was under construction as at the valuation date.	1,749,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	82,873.00															
Commercial	152,575.66															
Underground	92,404.00															
Ancillary	<u>3,382.00</u>															
<b>Total:</b>	<b><u>331,234.66</u></b>															
		<p>As advised by the Group, the total development cost is estimated to be approximately RMB2,178,035,056, of which RMB1,215,000,000 had been incurred as at the valuation date.</p> <p>The land use rights of the property have been granted for terms with the expiry dates on 10 December 2082 for residential use and 10 December 2052 for commercial use.</p>														



*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 7 January 2011, the land use rights of the property were contracted to be granted to Taixing Guangyuan Property Development Co., Ltd. (“Taixing Guangyuan”), an indirect wholly-owned subsidiary of the Company, with the particulars as follows:

Site Area	:	121,316 sq.m.
Land Use	:	Residential and commercial use
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 3.6 and higher than 1
Land Premium	:	RMB1,123,580,000

2. Pursuant to a Construction Land Planning Permit- Tai Gui Hua Di Zi Di No. 321283201110012, permission towards the planning of a parcel of land with a site area of approximately 121,316 sq.m. has been granted to Taixing Guangyuan.
3. Pursuant to 4 State-owned Land Use Rights Certificates, the land use rights of 4 parcels of land with a total site area of approximately 121,316 sq.m. have been granted to Taixing Guangyuan with the particulars as follows:

<b>Land Use Rights Certificate</b>	<b>Site Area</b>	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
	<i>(sq.m.)</i>			
Tai Guo Yong (2012) Di No.11609	2,003.0	Residential Commercial	10 December 2082 10 December 2052	12 December 2012
Tai Guo Yong (2012) Di No.11610	57,960.0	Residential Commercial	10 December 2082 10 December 2052	12 December 2012
Tai Guo Yong (2014) Di No.4009	44,062.5	Commercial	10 December 2082 10 December 2052	26 June 2014
Tai Guo Yong (2014) Di No.4010	17,290.5	Residential Commercial	10 December 2082 10 December 2052	26 June 2014
Total:	<u>121,316.0</u>			

4. Pursuant to 3 Construction Work Planning Permits issued by Planning Bureau of Taixing City in favour of Taixing Guangyuan, the construction works of the following buildings (including the property) have been approved.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b>	<b>Issued Date</b>
		<i>(sq.m.)</i>	
Tai Gui Hua Jian Zi Di No. 321283201310041	10 buildings	174,967	10 July 2013
Tau Gui Hua Jian Zi Di No. 321283201500054	5#-13#	56,703 (above ground) 33,297 (underground)	13 July 2015
Tai Gui Hua Jian Zi Di No. 321283201500060	32-storey composite Building	137,460 (above ground) 30,241 (underground)	23 July 2015
Total:		<u>432,668</u>	

5. Pursuant to 5 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Taixing in favour of Taixing Guangyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
No. 321283020140065 Bu Ban	Nos. 2 & 3	45,857	1 August 2014
No. 321283020140066 Bu Ban	No. 1	2,470	1 August 2014
No. 321283201509080101	Commercial Nos. 5-13 & Basement	90,000	8 September 2015
No. 321283201509300101	Xintiandi Nos. 16-20	167,701	30 September 2015
No. 321283020130071	Commercial building and basement	29,926	28 August 2013
	Total:	<u>335,954</u>	

6. Pursuant to 2 Pre-sales Permits — (Tai) Fang Xiao Zheng Di Yu Shou Zheng No. 343 and (Tai) Fang Xiao Zheng Di No. 480 in favour Taixing Guangyuan, the Group is freely entitled to sell portions of the property with a total gross floor area of approximately 80,591.90 sq.m. to local and overseas purchasers.
7. As advised by the Group, portions of the property comprising a total gross floor area of 813.57 sq.m. have been pre-sold to various third parties at a total consideration of RMB20,655,905. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,068,327,000. In the course of valuation, reference has been made to sale evidence/asking prices of similar commercial development in the locality which are in the region of RMB12,000/sq.m. to RMB19,000/sq.m. for retail units and RMB7,000/sq.m. to RMB9,000/sq.m. for residential units. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. Pursuant to 2 Mortgage Contracts, portions of the land use rights of Jiayuan New World (including the land use rights of the property) are subject to a mortgage in favour of Bank of China Taixing Branch (“the Bank”) and CITIC Trust (the “CITIC”), as a security to guarantee the principal obligation under the loan contracts entered into between the Bank, the CITIC and Taixing Guangyuan, for an amount of RMB3,080,000,000.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- Taixing Guangyuan has obtained the land use rights of the property;
  - Taixing Guangyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the land use rights of the property upon the consent from the mortgagee within the mortgage period; and
  - Taixing Guangyuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
11. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Yes     |
| d. Construction Work Commencement Permit                         | Yes     |
| e. Pre-sales Permit  | Portion |
| f. Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
21.	Oriental Paris City under construction located at No. 99 North Gulou Road, Jiangyan District Taizhou City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 16,911.39 sq.m., various residential buildings which were being construction thereon as at the valuation date.</p> <p>The property is located at No. 99 North Gulou Road, Jiangyan District, Taizhou City and is well-served by various facilities.</p> <p>The development is scheduled to be completed in September 2016. Upon completion, the development will have a total gross floor area of approximately 36,086.58 sq.m.</p>	The property was under construction as at the valuation date.	93,000,000
		<b>Planned Gross Floor Area</b>		
		<b>Usage</b>	<b>(sq.m.)</b>	
		Residential	27,364.58	
		Underground	<u>8,722.00</u>	
		<b>Total:</b>	<b><u>36,086.58</u></b>	
		As advised by the Group, the total development cost is estimated to be approximately RMB82,529,000, of which RMB80,363,000 had been incurred as at the valuation date.		
		The land use rights of the property have been granted for terms with the expiry dates on 18 February 2079, 17 September 2079 and 7 April 2080 for residential use.		

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 30 June 2008, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taizhou Jia Yuan Property Development Co., Ltd. ("Taizhou Jia Yuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	133,993 sq.m.
Land Use	:	Residential and commercial use
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 3.5
Land Premium	:	RMB120,590,000

- Pursuant to 4 Construction Land Planning Permits — Di Zi Di Nos. 2008030, 2012023, 2012024 and 2012031, permission towards the planning of 4 parcels of land with a total site area of approximately 172,769 sq.m. (including the land of the property) has been granted to Taizhou Jia Yuan.

3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of 3 parcels of land with a total site area of approximately 103,654 sq.m. (including the land use rights of the property) have been granted to Taizhou Jia Yuan with the particulars as follows:

<b>Land Use Right Certificate</b>	<b>Site Area</b> (sq.m.)	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
Jiang Tu Guo Yong (Ji 16) Di No.11640	50,571	Residential Commercial	18 February 2079 18 February 2049	23 March 2009
Jiang Tu Guo Yong (Ji 16) Di No.42475	24,771	Residential Commercial	17 September 2079 17 September 2049	9 October 2014
Jiang Tu Guo Yong (Ji 16) Di No.41181	28,312	Residential Commercial	7 April 2080 7 April 2050	20 June 2012
Total:	<u>103,654</u>			

4. Pursuant to 2 Construction Work Planning Permits issued by Planning Bureau of Jiangyan City in favour of Taizhou Jia Yuan, the construction works of the following buildings (including the property) have been approved.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
Jian Zi Di No. 2010085	Xiang 12 Buildings	63,239.38	19 July 2010
Jian Zi Di No. 321200201441021	Dan Nos. 3, 5, 6 and Underground carpark	30,066.28	25 February 2014
Total:		<u>93,305.66</u>	

5. Pursuant to 2 Construction Work Commencement Permits issued by Bureau of Construction Management of Jiangyan City in favour of of Taizhou Jia Yuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
3212842010082400001A	Xiang Nos. 1-3, 8-11, 15-19 and basement	63,239.38	24 August 2010
321284120140028	Dan Nos. 3, 5, 6, Ao No. 6 and underground carpark	30,066.28	30 April 2014
Total:		<u>93,305.66</u>	

6. Pursuant to 2 Pre-sales Permits — Jiang Fang Xiao Zheng Di (2014) Nos. 032 and 018, in favour of Taizhou Jia Yuan, the Group is freely entitled to sell portion of the property with a total gross floor area of approximately 33,237.08 sq.m. to local and overseas purchasers.

7. As advised by the Group, portions of the property comprising a total gross floor area of approximately 4,563.78 sq.m. have been pre-sold to various third parties at a total consideration of RMB15,461,324. Such portions of the property have not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB145,628,000. In the course of valuation, reference has been made to sales evidence/asking prices of similar residential developments in the locality which are in the region of RMB4,200/sq.m. to RMB5,000/sq.m. Appropriate adjustments are made to the differences in location, size, time and other characters between the comparables and the subject property.
9. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of China Huarong Asset Management Co., Ltd. Zhejiang Branch (“Huarong”), as a security to guarantee the principal obligation under the loan contract entered into between Huarong and Taizhou Jia Yuan for an amount of RMB120,000,000.
10. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
  - a. Taizhou Jia Yuan has obtained the land use rights of the property;
  - b. Taizhou Jia Yuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the land use rights of the property upon the consent from the mortgagee within the mortgage period; and
  - c. Taizhou Jia Yuan has obtained all the requested construction approvals of the construction of the property and has rights to develop the property according to the permitted scope of these approvals.
11. A summary of major certificates/approvals is shown as follows:

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

## VALUATION CERTIFICATE

## Group III — Property interests held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
22.	2 parcels of land known as Huangqiao Jiayuan Central Plaza Lot S1 and S2 located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 65,359.6 sq.m. which is planned to be developed into a residential development.</p> <p>The property is located at No. of 68, the western side of Dinghui Road, Huangqiao Town of Taixing City and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be commenced in the first half of 2016. Upon completion, the development will have a total gross floor area of approximately 156,160.59 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">118,840.28</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">32,010.41</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;">3,759.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">1,550.90</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>156,160.59</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms with the expiry dates on 1 April 2083, 27 April 2084 for residential use and 1 April 2053, 27 April 2054 for commercial use.</p>	Usage	Gross Floor Area (sq.m.)	Residential	118,840.28	Retail	32,010.41	Underground	3,759.00	Ancillary	1,550.90	<b>Total:</b>	<b><u>156,160.59</u></b>	The property was vacant as at the valuation date.	156,000,000
Usage	Gross Floor Area (sq.m.)															
Residential	118,840.28															
Retail	32,010.41															
Underground	3,759.00															
Ancillary	1,550.90															
<b>Total:</b>	<b><u>156,160.59</u></b>															

## Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 10 January 2013 and 28 October 2013, the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Taixing Hengyuan Property Development Co., Ltd. ("Taixing Hengyuan") and Taixing Mingyuan Property Development Co., Ltd. ("Taixing Mingyuan"), two indirect wholly-owned subsidiaries of the Company with the particulars as follows:

No.	Land Use	Site Area (sq.m.)	Land Term	Plot Ratio	Land Premium RMB
3212832013CR0009	Residential/ commercial	81,886.0	70 years 40 years	Lower than 2.7 and higher than 1.0	123,810,000
3212832013CR0197	Residential/ commercial	42,053.6	70 years 40 years	Lower than 2.2 and higher than 1.0	68,000,000
Total:		<u>123,939.6</u>			<u>191,810,000</u>

2. Pursuant to 2 Construction Land Planning Permits — Huang Jian Di Zi Di No. 321283201320005 and Tai Huang Gui Hua Di Zi Di No. 321283201430068, permission towards the planning of a parcel of land with a site area of approximately 123,939.6 sq.m. (including the land of the property) has been granted to Taixing Hengyuan and Taixing Mingyuan.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Tai Guo Yong (2015) Di No. 4503 and Tai Guo Yong (2014) Di No. 001, the land use rights of the property with a site area of approximately 65,359.6 sq.m. have been granted to Taixing Hengyuan and Taixing Mingyuan with the particulars as follows:

<b>Land Use Rights Certificate</b>	<b>Site Area</b> (sq.m.)	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
Tai Guo Yong (2014) Di No. 5040	42,053.6	Residential commercial	27 April 2084 27 April 2054	13 August 2014
Tai Guo Yong (2015) Di No. 4503	23,306.0	Residential commercial	1 April 2083 1 April 2053	24 July 2015
Total:	<u>65,359.6</u>			

4. Pursuant to a Construction Work Planning Permit — Tai Huang Gui Hua Jian Zi Di No. 321283201530026 issued by Taixing Huangqiao Peoples' Government in favour of Taixing Mingyuan, portion of the construction works of Huangqiao Jiayuan Central Plaza Lot S1 and S2 with a total planned gross floor area of approximately 92,032.36 sq.m. have been approved.
5. Pursuant to 2 Mortgage Contracts, portions of the land use rights and building ownership rights of Huangqiao Jiayuan Central Plaza (including the property) are subject to a mortgage in favour of AVIC Trust Co., Ltd. ("AVIC") and China Huarong Asset Management Co., Ltd Zhejiang Branch ("Huarong"), as a security to guarantee the principal obligation under the loan contracts entered into between AVIC and Taixing Hengyuan, and Huarong and Taixing Mingyuan for an amount of RMB850,000,000.
6. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar uses, transaction dates, size etc. as the subject property. The accommodation value of these comparables range from RMB906/sq.m. to RMB1,200/sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed accommodation value of RMB980/sq.m. and RMB1,020/sq.m. for the subject property.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- Taixing Hengyuan and Taixing Mingyuan have obtained the land use rights of the property; and
  - Taixing Hengyuan and Taixing Mingyuan are entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
8. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Portion |
| d. Construction Work Commencement Permit                         | N/A     |
| e. Pre-sales Permit  | N/A     |
| f. Construction Work Completion and Inspection Certificate/Table | N/A     |



## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB										
23.	A parcel of land known as Guxi Jiayuan Central Plaza located at the southern side of Dongfangsi Road, the eastern side of Gudonggang and the northern side of Qiankun Road Guxi Town Taixing City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 83,048 sq.m. which is planned to be developed into a mixed-use development.</p> <p>The property is located at the southern side of Dongfangsi Road, the eastern side of Gudonggang, the northern side of Qiankun Road, Guxi Town of Taixing City and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be commenced in 2016. Upon completion, the development has a total planned gross floor area of approximately 143,458.29 sq.m. and the details are set out as follows:</p> <table border="1"> <thead> <tr> <th>Usage</th> <th>Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>85,335.06</td> </tr> <tr> <td>Retail</td> <td>53,980.58</td> </tr> <tr> <td>Others</td> <td><u>4,142.65</u></td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>143,458.29</u></b></td> </tr> </tbody> </table>	Usage	Gross Floor Area (sq.m.)	Residential	85,335.06	Retail	53,980.58	Others	<u>4,142.65</u>	<b>Total:</b>	<b><u>143,458.29</u></b>	The property was vacant as at the valuation date.	No commercial value
Usage	Gross Floor Area (sq.m.)													
Residential	85,335.06													
Retail	53,980.58													
Others	<u>4,142.65</u>													
<b>Total:</b>	<b><u>143,458.29</u></b>													

## Notes:

- Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 28 February 2014, the land use rights of the property were contracted to be granted to Taixing Hengyuan Property Development Co., Ltd. ("Taixing Hengyuan"), an indirect wholly-owned subsidiary of the Company with the particulars as follows:

No.	Land Use	Site Area (sq.m.)	Land Term	Plot Ratio	Land Premium RMB
3212832014CR0079	Residential	33,956	70 years	Lower than 1.6 and higher than 1.0	22,180,000
	Commercial		40 years		
3212832014CR0078	Residential	49,092	70 years	Lower than 2.5 and higher than 1.0	43,160,000
	Commercial		40 years		
Total:		<u>83,048</u>			<u>65,340,000</u>

- In the valuation of this property, we attributed no commercial value to the property which has not obtained State-owned Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB94,000,000 assuming proper title certificate had been obtained and the property could be freely transferred.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Taixing Hengyuan will obtain the land use rights of the property after fulfilling all the land granting procedures and paying off the land premium.
4. A summary of major certificates/approvals is shown as follows:
- a. State-owned Land Use Rights Certificate No
  - b. Construction Land Planning Permit No
  - c. Construction Work Planning Permit N/A
  - d. Construction Work Commencement Permit N/A
  - e. Pre-sales Permit N/A
  - f. Construction Work Completion and Inspection Certificate/Table N/A

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
24.	A parcel of land known as Taizhou Jiayuan Central Plaza Phase I located at the former Grinding Wheel Factory of Suzhong Area Qintong Town Taizhou City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 15,702.2 sq.m. which is planned to be developed into a mixed-use development.</p> <p>The property is located at the former Grinding Wheel Factory of Suzhong area, Qintong Town of Taizhou City and is well-served by various facilities and public transportation along the main roads.</p> <p>As advised by the Group, there is no specific development schedule as at the valuation date.</p>	The property was vacant as at the valuation date.	No commercial value

*Notes:*

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 23 March 2010, the land use rights of the property were contracted to be granted to Taizhou Mingyuan Property Development Co., Ltd. ("Taizhou Mingyuan"), an indirect wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	15,702.2 sq.m.
Land Use	:	Commercial use and residential use
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 1.0
Land Premium	:	RMB19,549,240

2. In the valuation of this property, we attributed no commercial value to the property which has not obtained State-owned Land Use Rights Certificate. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB21,000,000 assuming proper title certificate had been obtained and the property could be freely transferred.
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Taizhou Mingyuan will obtain the land use rights of the property after fulfilling all the land granting procedures and paying off the land premium.
4. A summary of major certificates/approvals is shown as follows:
- |    |   |     |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate                       | No  |
| b. | Construction Land Planning Permit                             | No  |
| c. | Construction Work Planning Permit                             | N/A |
| d. | Construction Work Commencement Permit                         | N/A |
| e. | Pre-sales Permit  | N/A |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB								
25.	A parcel of land known as Suqian Park Number One Phase IV located at No. 10 Yinmati Road Suqian City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 11,225.55 sq.m., which is planned to be developed into a mixed-use development.</p> <p>The property is located at No. 10 Yinmati Road in Sucheng District and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be commenced in the first half of 2016. Upon completion, the development will have a total gross floor area of approximately 22,257.90 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">18,027.42</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;"><u>4,230.48</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>22,257.90</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term of 70 years expiring on 18 May 2081 for residential use.</p>	Usage	Planned Gross Floor Area (sq.m.)	Residential	18,027.42	Commercial	<u>4,230.48</u>	<b>Total:</b>	<b><u>22,257.90</u></b>	The property was vacant as at the valuation date.	38,662,000
Usage	Planned Gross Floor Area (sq.m.)											
Residential	18,027.42											
Commercial	<u>4,230.48</u>											
<b>Total:</b>	<b><u>22,257.90</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 14 August 2009, the land use rights of a parcel of land (including the land use rights of the property), were contracted to be granted to Suqian Jia Yuan Property Development Co., Ltd. ("Suqian Jia Yuan"), an indirect non-wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	127,333.0 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	Lower than 2.5
Land Premium	:	RMB181,449,525
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 3211300201010012, permission towards the planning of a parcel of land with a site area of approximately 127,333.0 sq.m. (including the land of the property) has been granted to Suqian Jia Yuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 126,182.9 sq.m. (including the land use rights of the property) have been granted to Suqian Jia Yuan as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Su Guo Yong (2011) Di No. 6343	50,925.9	Residential	18 May 2081	1 June 2011
Su Guo Yong (2011) Di No. 6007	75,257.0	Residential	18 May 2081	20 May 2011
Total:	<u>126,182.9</u>			

4. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar uses, transaction dates, size etc. as the subject property. The accommodation value of these comparables range from RMB1,300/sq.m. to RMB2,550/sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed accommodation value of RMB1,378/sq.m. for the subject property.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- Suqian Jia Yuan has obtained the land use rights of the property; and
  - Suqian Jia Yuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property.
6. A summary of major certificates/approvals is shown as follows:
- State-owned Land Use Rights Certificate Yes
  - Construction Land Planning Permit Yes
  - Construction Work Planning Permit N/A
  - Construction Work Commencement Permit N/A
  - Pre-sales Permit N/A
  - Construction Work Completion and Inspection Certificate/Table N/A

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB												
26.	A parcel of land known as Paris Metropolis Phase IV located at the eastern side of Taoyuan Road, the northern side of Zhongxing Road and the western side of Fanrong Road Siyang County Suqian City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 155,631.5 sq.m. which is planned to be developed into a mixed-use development.</p> <p>The property is located at the eastern side of Taoyuan Road, the northern side of Zhongxing Road, the western side of Fanrong Road in Siyang County and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be commenced in the first half of 2016. Upon completion, the development has a total planned gross floor area of approximately 523,879.97 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">250,035.75</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">119,162.98</td> </tr> <tr> <td>Underground car-parking spaces</td> <td style="text-align: right;">150,557.24</td> </tr> <tr> <td>Auxiliary</td> <td style="text-align: right;"><u>4,124.00</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>523,879.97</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms with the expiry date on 22 March 2080 for residential use and 22 March 2050 for commercial use.</p>	Usage	Planned Gross Floor Area (sq.m.)	Residential	250,035.75	Commercial	119,162.98	Underground car-parking spaces	150,557.24	Auxiliary	<u>4,124.00</u>	<b>Total:</b>	<b><u>523,879.97</u></b>	The property was vacant as at the valuation date.	667,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	250,035.75															
Commercial	119,162.98															
Underground car-parking spaces	150,557.24															
Auxiliary	<u>4,124.00</u>															
<b>Total:</b>	<b><u>523,879.97</u></b>															

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 30 August 2009, the land use rights of a parcel of land (including the land use rights of the property), were contracted to be granted to Suqian Jia Yuan Property Development Co., Ltd. ("Suqian Jia Yuan"), an indirect non-wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	173,931 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	Lower than 2.5
Land Premium	:	RMB300,030,975.00

- Pursuant to a Construction Land Planning Permit — Di Zi No. 321323201000023, permission towards the planning of a parcel of land with a site area of approximately 260.8 mu (including the land of the property) has been granted to Suqian Jia Yuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 173,000 sq.m. (including the land use rights of property) have been granted to Suqian Jia Yuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Si Guo Yong (2011) Di No. 1116031	60,515	Commercial	22 March 2050	10 August 2011
		Residential	22 March 2080	
Si Guo Yong (2011) Di No. 1116032	112,485	Commercial	22 March 2050	23 August 2011
		Residential	22 March 2080	
Total:	<u>173,000</u>			

4. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The accommodation value of these comparables range from RMB1,000/sq.m. to RMB1,900/sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed accommodation value of a RMB1,714/sq.m. for the subject property.
5. Pursuant to a Mortgage Contract, portions of the land use rights of Paris Metropolis (including the land use rights of the property) are subject to a mortgage in favour of China Huarong Asset Management Co., Ltd. Zhejiang Branch (“Huarong”), as a security to guarantee the principal obligation under the loan contracts entered into between Huarong and Suqian Jia Yuan for an amount of RMB500,000,000 with the security term from 1 January 2015 to 21 February 2017.
6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- Suqian Jia Yuan has obtained the land use rights of the property; and
  - Suqian Jia Yuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
7. A summary of major certificates/approvals is shown as follows:
- |  |     |
|--|-----|
| a. State-owned Land Use Rights Certificate                       | Yes |
| b. Construction Land Planning Permit                             | Yes |
| c. Construction Work Planning Permit                             | N/A |
| d. Construction Work Commencement Permit                         | N/A |
| e. Pre-sales Permit  | N/A |
| f. Construction Work Completion and Inspection Certificate/Table | N/A |



## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB										
27.	A parcel of land known as Rome Metropolis portion of Phase IV located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 49,839.07 sq.m. which is planned to be developed into a mixed-use development.</p> <p>The property is located at the intersection of Huaihai Road and Xi'an Road, in Siyang County and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be commenced in the first half of 2016. Upon completion, the development has a total planned gross floor area of approximately 194,689.37 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">74,732.00</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">9,902.00</td> </tr> <tr> <td>Underground</td> <td style="text-align: right;"><u>110,055.37</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>194,689.37</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms with the expiry dates on 21 January 2083, 8 October 2083 and 10 July 2084 for residential use and on 21 January 2053, 8 October 2053 and 10 July 2054 for commercial use.</p>	Usage	Planned Gross Floor Area (sq.m.)	Residential	74,732.00	Commercial	9,902.00	Underground	<u>110,055.37</u>	<b>Total:</b>	<b><u>194,689.37</u></b>	The property was vacant as at the valuation date.	174,000,000
Usage	Planned Gross Floor Area (sq.m.)													
Residential	74,732.00													
Commercial	9,902.00													
Underground	<u>110,055.37</u>													
<b>Total:</b>	<b><u>194,689.37</u></b>													

## Notes:

1. Pursuant to 3 State-owned Land Use Rights Grant Contract dated 5 December 2012, 6 June 2013 and 27 December 2013, the land use rights of 3 parcels of land (including the land use rights of the property), were contracted to be granted to Siyang Fengyuan Property Development Co., Ltd. (“Siyang Fengyuan”), a wholly-owned subsidiary of the Company with the particulars as follows:

<u>No.</u>	<u>Land Use</u>	<u>Site Area</u> (sq.m.)	<u>Land Term</u>	<u>Plot Ratio</u>	<u>Land Premium</u> RMB
3213232012CR0174	Commercial Residential	14,707	40 years 70 years	≤4.0	22,060,500
3213232013CR0128	Commercial Residential	35,026	40 years 70 years	≤4.0	52,539,000
3213232013CR0294	Commercial Residential	46,219	40 years 70 years	≤4.0	55,462,800
Total:		<u>95,952</u>			<u>130,062,300</u>

2. Pursuant to 3 Construction Land Planning Permits — Di Zi Nos. 321323201300185, 321323201300187 and 321323201400143, permission towards the planning of 3 parcels of land (including the land of the property) with a total site area of approximately 61,323.00 sq.m. has been granted to Siyang Fengyuan.
3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of 3 parcels of land with a total site area of approximately 95,952 sq.m. (including the land use rights of property) have been granted to Siyang Fengyuan with the particulars as follows:

<u>Land Use Right Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Si Guo Yong (2014) Di No. 3480	46,219	Commercial residential	10 July 2054 10 July 2084	22 August 2014
Si Guo Yong (2013) Di No. 5294	35,026	Commercial residential	8 October 2053 8 October 2083	15 October 2013
Si Guo Yong (2013) Di No.509	14,707	Commercial residential	21 January 2053 21 January 2083	30 January 2013
Total:	<u>95,952</u>			

4. Pursuant to 2 Construction Work Planning Permits issued by Housing and Urban-rural Construction Bureau of Siyang County in favour of Siyang Fengyuan, the construction works of the following buildings have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
Jian Zi Di No. 321323201300106T	Building Nos. B7、 B8、B11、B12、 B17、B18	118,020.00	25 October 2013
Jian Zi Di No. 321323201500057	Building Nos. D6、 D10-D13、D18、 D19	34,370.56	19 August 2015
Total:		<u>152,390.56</u>	

5. Pursuant to 2 Construction Work Commencement Permits issued by Bureau of Construction Management of Jiangyan City in favour of Jiangyan Jiayuan, the commencement of the construction works of the following buildings (including the property) have been permitted. As advised by the Group, the property has not commenced the construction work.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
321323020131109001A	Building Nos. B7、 B8、B11、B12、 B17、B18 and Commercial Building	166,020	9 November 2013
321323201509110101	Building Nos. D6、 D10-D13、D18、 D19	33,787	11 September 2015
	Total:	<u>199,807</u>	

6. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The accommodation value of these comparables range from RMB857/sq.m. to RMB1,000/sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed accommodation value of RMB873/sq.m. for the subject property.
7. Pursuant to a Mortgage Contract, portions of the land use rights of Rome Metropolis (including the land use rights of the property) are subject to a mortgage in favor of AVIC Trust Co., Ltd. ("AVIC"), as a security to guarantee the principal obligation under the loan contracts entered into between AVIC and Siyang Fengyuan for an amount of RMB540,000,000.
8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- Siyang Fengyuan has obtained the land use rights of the property; and
  - Siyang Fengyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
9. A summary of major certificates/approvals is shown as follows:
- |  |         |
|--|---------|
| a. State-owned Land Use Rights Certificate                       | Yes     |
| b. Construction Land Planning Permit                             | Yes     |
| c. Construction Work Planning Permit                             | Portion |
| d. Construction Work Commencement Permit                         | Yes     |
| e. Pre-sales Permit  | N/A     |
| f. Construction Work Completion and Inspection Certificate/Table | N/A     |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in												
				existing state as at 30 November 2015 RMB												
28.	A parcel of land known as Venice Metropolis located at No. 333 North Gu Lou Road Taixing City Jiangsu Province The PRC	<p>The property comprises a parcel of land with a site area of approximately 367,720 sq.m., which is planned to be developed into a mixed-use development.</p> <p>The property is located at No. 333 North Gu Lou Road, Taixing City and is well-served by various facilities.</p> <p>The development is scheduled to be commenced in the first half of 2016. Upon completion, the development will have a total gross floor area of approximately 1,023,259 sq.m. and the details are set out as follows:</p> <table border="1"> <thead> <tr> <th>Usage</th> <th>Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>764,793</td> </tr> <tr> <td>Commercial</td> <td>166,101</td> </tr> <tr> <td>Underground</td> <td>85,341</td> </tr> <tr> <td>Ancillary</td> <td>7,024</td> </tr> <tr> <td><b>Total:</b></td> <td><b><u>1,023,259</u></b></td> </tr> </tbody> </table>	Usage	Planned Gross Floor Area (sq.m.)	Residential	764,793	Commercial	166,101	Underground	85,341	Ancillary	7,024	<b>Total:</b>	<b><u>1,023,259</u></b>	The property is vacant as at the valuation date.	2,619,000,000
Usage	Planned Gross Floor Area (sq.m.)															
Residential	764,793															
Commercial	166,101															
Underground	85,341															
Ancillary	7,024															
<b>Total:</b>	<b><u>1,023,259</u></b>															
		<p>The land use rights of the property have been granted for terms with the expiry dates on 25 September 2080, 1 January 2082 and 6 February 2082 for residential use and on 25 September 2050, 1 January 2052, 6 February 2052 for commercial use and on 25 September 2060 and 1 January 2062, 6 February 2062 for office use.</p>														

## Notes:

- Pursuant to 5 State-owned Land Use Rights Grant Contracts dated 21 June 2010, the land use rights of 5 parcels of land (including the land use rights of the property) were contracted to be granted to Taixing Guangyuan Property Development Co., Ltd. ("Taixing Guangyuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

No.	Land Use	Site Area (sq.m.)	Land Term	Plot Ratio	Land Premium RMB
3212832010CR0063	Residential	44,435	70 years	≤3.2	84,180,000
	Commercial		40 years	≤3.2	
3212832010CR0064	Residential	84,779	70 years	≤3	154,780,000
	Commercial		40 years	≤3	
	Office		50 years	≤3	

<u>No.</u>	<u>Land Use</u>	<u>Site Area</u> (sq.m.)	<u>Land Term</u>	<u>Plot Ratio</u>	<u>Land Premium</u> RMB
3212832010CR0066	Residential	112,197	70 years		186,780,000
	Commercial		40 years		
	Office		50 years		
3212832011CR0039	Residential	119,249	70 years	≤2.98, ≥1	261,980,000
	Commercial		40 years	≤2.98, ≥1	
	Office		50 years	≤2.98, ≥1	
3212832011CR0040	Residential	140,378	70 years	≤2.364, ≥1	248,660,000
	Commercial		40 years	≤2.364, ≥1	
	Office		50 years	≤2.364, ≥1	
Total:		<u>501,038</u>			<u>936,380,000</u>

- Pursuant to 3 Construction Land Planning Permits — Tai Gui Hua Di Zi Di Nos. 321283201310025, 321283201010062 and 32128320110032, permission towards the planning of 3 parcels of land with a total site area of approximately 637,695.06 sq.m. (including the land of property) has been granted to Taixing Guangyuan.
- Pursuant to 10 State-owned Land Use Rights Certificates, the land use rights of 10 parcels of land with a total site area of approximately 390,370.7 sq.m.(including the land use rights of the property) have been granted to Taixing Guangyuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Tai Guo Yong (2010) Di No. 438433	44,435.00	Residential	25 September 2080	30 September 2010
		Commercial	25 September 2050	
Tai Guo Yong (2010) Di No. 438435	21,946.00	Residential	25 September 2080	30 September 2010
		Commercial	25 September 2050	
		Office	25 September 2060	
Tai Guo Yong (2010) Di No. 438438	44,652.00	Residential	25 September 2080	30 September 2010
		Commercial	25 September 2050	
		Office	25 September 2060	
Tai Guo Yong (2014) Di No. 6611	27,020.00	Residential	25 September 2080	5 November 2014
		Commercial	25 September 2050	
		Office	25 September 2060	
Tai Guo Yong (2014) Di No. 6610	35,813.00	Residential	25 September 2080	5 November 2014
		Commercial	25 September 2050	
		Office	25 September 2060	
Tai Guo Yong (2012) Di No. 1764	26,856.60	Residential	6 February 2082	10 February 2012
		Commercial	6 February 2052	
		Office	6 February 2062	
Tai Guo Yong (2012) Di No. 1727	18,344.50	Residential	6 February 2082	10 February 2012
		Commercial	6 February 2052	
		Office	6 February 2062	
Tai Guo Yong (2012) Di No. 1768	52,054.60	Residential	6 February 2082	10 February 2012
		Commercial	6 February 2052	
		Office	6 February 2062	
Tai Guo Yong (2013) Di No. 11959	46,785.00	Residential	1 January 2082	25 December 2013
		Commercial	1 January 2052	
		Office	1 January 2062	
Tai Guo Yong (2014) Di No. 11972	72,464.00	Residential	1 January 2082	26 December 2013
		Commercial	1 January 2052	
		Office	1 January 2062	
Total:	<u>390,370.7</u>			

4. Pursuant to 3 Mortgage Contracts, portions of the land use rights of Venice Metropolis (including the land use rights of the property) are subject to a mortgage in favour of CITIC Trust Co., Ltd. (“CITIC”) and China Huarong Asset Management Co., Ltd Zhejiang Branch (“Huarong”), as a security to guarantee the principal obligation under the loan contracts entered into between Nangjing Xinhaoning and CITIC and Taixing Guangyuan, Taizhou Jia Yuan, Haiyan Jia Yuan, Suqian Jia Yuan and Huarong for an amount of RMB3,020,000,000.
5. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar uses, transaction dates, size etc. as the subject property. The accommodation value of these comparables range from RMB1,869/sq.m. to RMB2,951/sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed accommodation value of RMB2,226/sq.m. for the subject property.
6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
  - a. Taixing Guangyuan has obtained the land use rights of the property; and
  - b. Taixing Guangyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
7. A summary of major certificates/approvals is shown as follows:

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

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB								
29.	2 parcels of land known as Oriental Paris City located at No. 99 North Gu Lou Road Jiangyan District Taizhou City Jiangsu Province The PRC	<p>The property comprises 2 parcels of land with a site area of approximately 97,727 sq.m., which is planned to be developed into a mixed-use development.</p> <p>The property is located No. 99 North Gulou Road, Jiangyan District, Taizhou City and is well-served by various facilities and public transportation along the main roads.</p> <p>The development is scheduled to be commenced in the first half of 2016. Upon completion, the development will have a total gross floor area of approximately 214,999.40 sq.m. and the details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Planned Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">150,499.58</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;"><u>64,499.82</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>214,999.40</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for various terms with the expiry dates on 7 April 2050 for commercial use and on 7 April 2080 for residential use.</p>	Usage	Planned Gross Floor Area (sq.m.)	Residential	150,499.58	Commercial	<u>64,499.82</u>	<b>Total:</b>	<b><u>214,999.40</u></b>	The property is vacant as at the valuation date.	411,000,000
Usage	Planned Gross Floor Area (sq.m.)											
Residential	150,499.58											
Commercial	<u>64,499.82</u>											
<b>Total:</b>	<b><u>214,999.40</u></b>											

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 18 March 2010, the land use rights of the property were contracted to be granted to Taizhou Jia Yuan Property Development Co., Ltd. ("Taizhou Jia Yuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	97,727 sq.m.
Land Use	:	Residential and commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 2.2
Land Premium	:	RMB90,000,000
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 2010030, permission towards the planning of the property with a site area of approximately 97,727 sq.m., has been granted Taizhou Jia Yuan.



3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 97,727 sq.m. have been granted to Taizhou Jia Yuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Jiang Tu Guo Yong (Ji 16) Di No. 41182	28,312	Residential	7 April 2080	20 June 2012
Jiang Tu Guo Yong(Ji 16) Di No. 41181	69,415	Commercial	7 April 2050	20 June 2012
Total:	<u>97,727</u>			

4. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar uses, transaction dates, size etc. as the subject property. The accommodation value of these comparables range from RMB1,554/sq.m. to RMB2,751/sq.m. for residential and commercial uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed accommodation value of RMB1,912/sq.m. for the subject property.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- Taizhou Jia Yuan has obtained the land use rights of the property; and
  - Taizhou Jia Yuan is entitled to occupy, use, lease, transfer or otherwise dispose of the land use rights of the property.
6. A summary of major certificates/approvals is shown as follows:
- State-owned Land Use Rights Certificate
  - Construction Land Planning Permit
  - Construction Work Planning Permit
  - Construction Work Commencement Permit
  - Pre-sales Permit
  - Construction Work Completion and Inspection Certificate/Table
- Yes  
Yes  
N/A  
N/A  
N/A  
N/A

## VALUATION CERTIFICATE

## Group IV — Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
30.	A commercial building of Yangzhou Park Number One located at the intersection of Middle Wenchang Road and Jiangdu Road Jiangdu District Yangzhou City Jiangsu Province The PRC	<p>The property comprises a 2-storey commercial building of Yangzhou Park Number One which was completed in 2012.</p> <p>The property is located at the intersection of Middle Wenchang Road and Jiangdu Road, Jiangdu District of Yangzhou City and is well-served by various facilities and public transportation along the main roads.</p> <p>The property has a total gross floor area of approximately 720.78 sq.m.</p> <p>The land use rights of the property have been granted for terms with the expiry date on 4 December 2049 for commercial use.</p>	The property was rented to an independent third party for commercial use as at the valuation date.	6,061,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 3 March 2009 and a supplementary contract entered into between Land and Resources Bureau of Yangzhou City and Yangzhou Mingyuan Property Development Co., Ltd. (“Yangzhou Mingyuan”), an indirect wholly-owned subsidiary of the Company, the land use rights of a parcel of land with a site area of approximately 17,808 sq.m. (including the land use rights of the property) were contracted to be granted to Yangzhou Mingyuan with the particulars as follows:

Site Area	:	17,808 sq.m.
Land Use	:	Residential
Land Term	:	70 years
Plot Ratio	:	Lower than 1.6
Land Premium	:	53,424,000
- Pursuant to a Construction Land Planning Permit — Yang Gui Di Zi Di No. 321000200900073, permission toward the planning of a parcel of land with a site area of approximately 75,590 sq.m. (including the land of the property) has been granted to Yangzhou Mingyuan.
- Pursuant to a State-owned Land Use Rights Certificate — Jiang Guo Yong (2009) Di No. 0413, the land use rights of a parcel of land with a site area of approximately 17,808.5 sq.m. (including the land of the property), on which the property is situated, have been granted to Yangzhou Mingyuan for terms with the expiry dates on 4 December 2079 and 4 December 2080 for residential use and 4 December 2049 for commercial use.
- Pursuant to a Construction Work Planning Permit — No. 321000201000597 issued by Planning Bureau of Yangzhou City in favour of Yangzhou Mingyuan, the construction works of Yangzhou Park Number One (including the property) with a total planned gross floor area of approximately 8,856.52 sq.m. have been approved.

5. Pursuant to 5 Construction Work Commencement Permits issued by Construction Bureau of Yangzhou City in favour of Yangzhou Mingyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
3210002010022500001B	A5, A17, A18, A21, A2, A1 Basement	39,027.07	2 June 2010
3210002010110200001A	A2, A3, A6-8, A20, A22, A23, A25, A1 Basement	58,751.56	3 November 2010
3210002010022500001A	B1-3, B5-7, B-Basement	44,336.10	1 March 2010
3210002010110200001C	A19	5,626.15	5 January 2011
3210002010110200001B	1#, A1, A13	8,684.07	3 December 2010
	Total:	<u>156,424.95</u>	

6. Pursuant to a Construction Work Completion and Inspection Certificate, the property has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to 6 Pre-sales Permits — (Yang) Fang Xiao Zheng Di Nos. 2011098, 2010117, 2010087, 2010048#, 2011005 and 2011044 in favour of Yangzhou Mingyuan, the Group is freely entitled to sell the property with a total gross floor area of approximately 124,039.97 sq.m. (including the property) to local and overseas purchasers.
8. Pursuant to 2 Building Ownership Certificates, the property with a total gross floor area of approximately 720.78 sq.m. is owned by Yangzhou Mingyuan.
9. Pursuant to a Tenancy Agreement, the property was rented to an independent third party for a term with the expiry date on 31 August 2019 at a total annual passing rent of RMB194,107 exclusive of management fees, water and electricity charges.
10. In the course of valuation, reference has been made to rental evidence/asking rent of similar retail developments in the locality which are in the region of RMB0.6/sq.m. to RMB1.5/sq.m. per day. The assumed market yield is 3.5% which is in line with the market yield of this property sector in the region of 3% to 4%.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Yangzhou Mingyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.
12. A summary of major certificates/approvals is shown as follows:
- |    |   |     |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate                       | Yes |
| b. | Construction Land Planning Permit                             | Yes |
| c. | Construction Work Planning Permit                             | Yes |
| d. | Construction Work Commencement Permit                         | Yes |
| e. | Pre-sales Permit  | Yes |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes |
| g. | Building Ownership Certificate                                | Yes |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
31.	Portion of retail units of Jiayuan Centurial Garden located at No. 8 North Longchuan Road Jiangdu District Yangzhou City Jiangsu Province The PRC	<p>The property comprises various retail units of a composite development which were completed in various stages between 2006 and 2008.</p> <p>The property is located at the western side of North Longchuan Road and the southern side of the New City Government in Jiangdu District. This area is well-served by various facilities and public transportation along the main roads. The surrounding environment is a residential area with retail stores and commercial buildings.</p> <p>The property has a total gross floor area of approximately 8,652.84 sq.m.</p> <p>The land use rights of the property have been granted for terms with the expiry date on 10 October 2044 for commercial use.</p>	The property was rented to various independent third parties for commercial use as at the valuation date.	49,194,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 11 June 2007 entered into between Land and Resources Bureau of Yangzhou City Jiangdu Branch and Yangzhou Guangyuan Property Development Company Limited (“Yangzhou Guangyuan”), an indirect wholly-owned subsidiary of the Company, the land use rights of a parcel of land with a site area of approximately 233,342 sq.m. (including the land use rights of the property) were contracted to be granted to Yangzhou Guangyuan with the particulars as follows:

Site Area	:	233,342 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	1.5
Land Premium	:	RMB1,750,250,000

- Pursuant to a Construction Land Planning Permit — No. 2004003, permission towards the planning of a parcel of land with a site area of approximately 233,342 sq.m. (including the land of property). has been granted to Yangzhou Guangyuan.
- Pursuant to a State-owned Land Use Rights Certificate — Jiang Guo Yong (2004) Di No. 0017, the land use rights of a parcel of land with a site area of approximately 120,027 sq.m. (including the land use rights of the property), on which the property is situated, have been granted to Yangzhou Guangyuan for terms with the expiry dates on 10 October 2074 for residential use and 10 October 2044 for commercial use.

4. Pursuant to 6 Construction Work Planning Permits issued by Planning Bureau of Yangzhou City in favour of Yangzhou Guangyuan, the construction works of the following buildings of Jiayuan Centurial Garden with a total planned gross floor area of approximately 81,502 sq.m. (including the property) have been approved.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
2005025	Centurial Garden East Gate	1,410	15 June 2005
2006021	Centurial Garden Kindergarten	2,400	13 April 2004
2006036	Commercial Center	25,277	18 August 2006
2000056	Xia Zhu Fang	1,080	24 October 2006
2007035	67#, 68#, 70#, 71#, 73-76#, 78-81#, 64#, 65#, 4#, 5#, 10# under ground carpark, 130AB Retail	49,223	22 August 2007
2008021	Dong Mei Fang	2,112	7 August 2008
	Total:	<u>81,502</u>	

5. Pursuant to 4 Construction Work Commencement Permits issued by Bureau of Housing & Construction of Jiangdu in favour of Yangzhou Guangyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
046	32# East Gate	2,905	27 June 2005
2006(036)	16# Kindergarten	6,600	7 June 2006
2006(069)	Commercial Center	17,000	15 September 2006
3210882008062500002A	83#, 84#, 88#, 94#, 100#, 11# Car Park, 93#, 97#, 99#, 104#, 105# hall	40,968	26 June 2008
	Total:	<u>67,473</u>	

6. Pursuant to 3 Construction Work Completion and Inspection Certificates issued by Construction Bureau of Jiangdu in favour of Yangzhou Guangyuan, the development (including the property) has been approved to be complied with the urban and rural planning requirements.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
No. 2008-059	Commercial Centre	25,277.00	15 September 2006
No. 2010-052	Qiu Ju Fang	7,613.77	11 September 2007
No. 2012-028	Xia Zhu Fang	1,144.16	8 December 2006
	Total:	<u>34,034.93</u>	

7. Pursuant to 8 Pre-sales Permits — (Jiang) Fang Xiao Zheng Di Nos. 200613, 200619, 200622, 200639, 200749, 201041, 201226 and 200707 in favour of Yangzhou Guangyuan, the Group is freely entitled to sell portion of the development with a total gross floor area of approximately 74,786.36 sq.m. (including the property) to local and overseas purchasers.

8. Pursuant to 17 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 6,669.47 sq.m. are owned by Yangzhou Guangyuan.

9. Pursuant to 12 Tenancy Agreements, portions of the property was rented to various parties for various terms with the expiry date between 31 July 2016 and 30 December 2020 at a total annual passing rent of RMB586,102 exclusive of management fees, water and electricity charges.

10. In the course of valuation, reference has been made to rental evidence/asking rent of similar retail developments in the locality which are in the region of RMB0.78/sq.m. to RMB1.67/sq.m. per day. The assumed market yield is 3.5% which is in line with the market yield of this property sector in the region of 3% to 4.5%.
11. Pursuant to a Mortgage Contract, the land use rights and building ownership rights of the property are subject to a mortgage in favour of Nanjing Bank Yangzhou Branch (“the Bank”), as a security to guarantee the principal obligation under the loan contract entered into between the Bank and Yangzhou Guang Ming building materials Co., Ltd. for an amount of RMB32,530,000.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Yangzhou Guangyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
13. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
32.	Portion of retail units of Jiayuan Centurial Scenery Park located at No. 618 Huangshan Road Jiangdu District Yangzhou City Jiangsu Province The PRC	<p>The property comprises various retail units of a composite development which were completed in 2012.</p> <p>The property is located at two sides of West Longcheng Road in Jiangdu District. This area is well-served by various facilities and public transportation along the main roads. The surrounding environment is a residential area.</p> <p>The property has a total gross floor area of approximately 915.18 sq.m.</p> <p>The land use rights of the property have been granted for terms with the expiry date on 2 September 2049 for commercial use.</p>	The property was rented to an independent third party for commercial use as at the valuation date.	6,759,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract entered into between Land and Resources Bureau of Yangzhou City Jiangdu Branch and Yangzhou Hengyuan Property Development Co., Limited ("Yangzhou Hengyuan"), an indirect wholly-owned subsidiary of the Company, the land use rights of a parcel of land with a site area of approximately 61,014 sq.m. (including the land use rights of the property) were contracted to be granted to Yangzhou Hengyuan with the particulars as follows:

Site Area	:	61,014 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Land Premium	:	RMB116,100,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 2009001, permission towards the planning of a parcel of land with a site area of approximately 61,014 sq.m. (including the land of the property) has been granted to Yangzhou Hengyuan.
- Pursuant to 2 State-owned Land Use Rights Certificates — Jiang Guo Yong (2009) Di No. 5966 and Jiang Guo Yong (2010) Di No. 3863, the land use rights of 2 parcels of land with a total site area of approximately 60,972.3 sq.m., (including the land use rights of the property) have been granted to Yangzhou Hengyuan for terms with the expiry dates on 2 September 2079 and 12 April 2080 for residential use and 2 September 2049 for commercial use.

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issue Date</u>
Jiang Guo Yong (2009) Di No. 5966	43,245.1	Residential Commercial	2 September 2079 2 September 2049	2 September 2009
Jiang Guo Yong (2010) Di No. 3863	17,727.2	Residential	12 April 2080	21 April 2010
Total:	<u>60,972.3</u>			



4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 2009030 issued by Construction Bureau of Jiangdu County in favour of Yangzhou Hengyuan, the construction works (including the property) with a planned gross floor area of approximately 7,185.58 sq.m. have been approved.
5. Pursuant to a Constuction Work Commencement Pemit — No. 3210882009072400002A issued by Construction Management Bureau of Jiangdu County in favour of Yangzhou Hengyuan , the commencement of the construction works (including the property) with a total gross floor area of approximately 7,185 sq.m. has been permitted.
6. Pursuant to a Pre-sales Permit — (Jiang) Fang Xiao Zheng No. 200949 in favour of Yangzhou Hengyuan, the Group is freely entitled to sell the development with a total gross floor area of approximately 7,185.58 sq.m. (including the property) to local and overseas purchasers.
7. Pursuant to a Construction Work Completion and Inspection Table issued by Urban and Rural Construction Bureau of Jiangdu District of Yangzhou City, portions of Jiayuan Centurial Scenery Park (including the property) have been approved to be complied with the urban and rural planning requirements.
8. Pursuant to a Building Ownership Certificate, the property with a gross floor area of approximately 915.18 sq.m. is owned by Yangzhou Hengyuan.
9. Pursuant to a Tenancy Agreement, the property was rented to an independent third party for a term with the expiry date on 31 March 2016 with a total annual passing rent of RMB60,540 exclusive of management fees, water and electricity charges.
10. In the course of valuation, reference has been made to rental evidence/asking rent of similar retail developments in the locality which are in the region of RMB0.68/sq.m. to RMB1.2/sq.m. per day. The assumed market yield is 3.5% which is in line with the market yield of this property sector in the region of 3% to 4.5%.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
  - a. Yangzhou Hengyuan is entitled to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.
12. A summary of major certificates/approvals is shown as follows:
 

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

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
33.	A commercial building and a portion of open yard of Rome Metropolis Phase III located at the intersection of Huaihai Road and Xi'an Road Siyang County Suqian City Jiangsu Province The PRC	<p>The property comprises a 5-storey commercial building known as Jia Yuan Mall and a portion of open yard known as a children's playground of Rome Metropolis Phase III which were completed in 2015.</p> <p>The property is located at the intersection of Huaihai Road and Xi'an road, in Siyang County and is well-served by various facilities and public transportation along the main roads.</p> <p>Jia Yuan Mall has a gross floor area of approximately 43,886 sq.m. and the children's playground has approximately 6,125 sq.m.</p> <p>The land use rights of the property have been granted for terms expiring on 21 October 2053 and 10 July 2054 for commercial use.</p>	Except for portions of Jia Yuan Mall which were vacant, the remaining portions of the property were rented to various independent third parties for commercial and playground uses as at the valuation date.	211,458,000

*Notes:*

- Pursuant to 2 State-owned Land Use Rights Grant Contracts entered into between State-owned Land Resources Bureau of Siyang County and Siyang Fengyuan Property Development Co., Limited ("Siyang Fengyuan"), an indirect wholly-owned subsidiary of the Company, the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Siyang Fengyuan with the particulars as follows:

<u>No.</u>	<u>Land Use</u>	<u>Site Area</u> (sq.m.)	<u>Land Term</u>	<u>Plot Ratio</u>	<u>Land Premium</u> RMB
3213232013CR0178	Commercial	8,080	40 years	≤4.0	9,696,000
3213232013CR0294	Commercial	46,219	40 years	≤4.0	55,462,800
	Residential	_____	70 years		_____
Total:		<u>54,299</u>			<u>65,158,800</u>

- Pursuant to 2 Construction Land Planning Permits — Di Zi Nos. 321323201300148 and 321323201300187, permission towards the planning of 2 parcels of land with a total site area of approximately 20.72 mu (including the land of the property) has been granted to Siyang Fengyuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 54,299 sq.m. (including the land use rights of the property) have been granted to Siyang Fengyuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Si Guo Yong (2014) Di No. 3480	46,219	Commercial Residential	10 July 2054 10 July 2084	22 August 2014
Si Guo Yong (2013) Di No. 5694	8,080	Commercial	21 October 2053	31 October 2014
Total:	<u>54,299</u>			

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 321323201300107T issued by Housing and Urban-rural Construction Bureau of Siyang County in favour of Siyang Fengyuan, the construction works of Rome Metropolis Phase III with a total planned gross floor area of approximately 48,000 sq.m. (including the property) have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 321323020131109001A issued by Housing and Urban-rural Construction Bureau of Siyang County in favour of Siyang Fengyuan, the commencement of the construction works of Rome Metropolis Phase III with a total gross floor area of approximately 166,020 sq.m. (including the property) has been permitted.
6. Pursuant to a Construction Work Completion and Inspection Certificate, Jia Yuan Mall of the property has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to a Building Ownership Certificate, portions of the property with a total gross floor area of approximately 43,886.00 sq.m. are owned by Siyang Fengyuan.
8. Pursuant to 7 Tenancy Agreements, portions of Jia Yuan Mall with a total lettable area of approximately 34,196 sq.m. and the children's playground were rented to various independent third parties for various terms with the expiry dates between 30 September 2022 and 31 March 2030 at a total annual passing rent of RMB1,770,764 exclusive of management fees, water and electricity charges.
9. In the course of valuation, reference has been made to rental evidence/asking rent of similar commercial development in the locality which are in the region of RMB0.2/sq.m. to RMB1.6/sq.m. per day. The assumed market yield is 3% and 4% which is in line with the market yield of this property sector in the region of 3.0% to 4.5%.
10. Pursuant to a Mortgage Contract, portions of the land use rights of Rome Metropolis (including the land use rights of the property) are subject to a mortgage in favor of AVIC Trust Co., Ltd. ("AVIC"), as a security to guarantee the principal obligation under the loan contracts entered into between AVIC and Siyang Fengyuan for an amount of RMB540,000,000.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- Siyang Fengyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property, upon the consent from the mortgagee within the mortgage period.
12. A summary of major certificates/approvals is shown as follows:
- |    |   |     |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate                       | Yes |
| b. | Construction Land Planning Permit                             | Yes |
| c. | Construction Work Planning Permit                             | Yes |
| d. | Construction Work Commencement Permit                         | Yes |
| e. | Pre-sales Permit  | N/A |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes |
| g. | Building Ownership Certificate                                | Yes |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB																				
34.	Portion of retail units of Oriental Bright City located at No. 99 Middle Ren Min Road Jiangyan District Taizhou City Jiangsu Province The PRC	<p>The property comprises various commercial units of Oriental Bright City which were completed in various stages between 2010 and 2012.</p> <p>The property is located at No. 99 Middle Renmin Road, Jiangyan District Taizhou City and is well-served by various facilities.</p> <p>The property has a total gross floor area of approximately 34,374.11 sq.m. The details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Building/Unit</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Nos. 6_192-194, 196-197, 282, 351, 3160</td> <td style="text-align: right;">212.18</td> </tr> <tr> <td>No. 1_401</td> <td style="text-align: right;">2,919.50</td> </tr> <tr> <td>Nos. 3_123, 125-133</td> <td style="text-align: right;">327.33</td> </tr> <tr> <td>No. 3_201(5F)</td> <td style="text-align: right;">2,709.18</td> </tr> <tr> <td>No. 6_401</td> <td style="text-align: right;">3,567.57</td> </tr> <tr> <td>Nos. 2_103, 249-252, 258, 262</td> <td style="text-align: right;">471.76</td> </tr> <tr> <td>Nos. 5_257, 259</td> <td></td> </tr> <tr> <td>Nos. 7_1001, 1101, 1201, 1301, 1501, 1601, 501, 601, 701, 801, 901, 130, 201, 301, 401, 128, 129, 101, 117, 118</td> <td style="text-align: right;">24,166.59</td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>34,374.11</u></b></td> </tr> </tbody> </table>	Building/Unit	Gross Floor Area (sq.m.)	Nos. 6_192-194, 196-197, 282, 351, 3160	212.18	No. 1_401	2,919.50	Nos. 3_123, 125-133	327.33	No. 3_201(5F)	2,709.18	No. 6_401	3,567.57	Nos. 2_103, 249-252, 258, 262	471.76	Nos. 5_257, 259		Nos. 7_1001, 1101, 1201, 1301, 1501, 1601, 501, 601, 701, 801, 901, 130, 201, 301, 401, 128, 129, 101, 117, 118	24,166.59	<b>Total:</b>	<b><u>34,374.11</u></b>	The property were rented to various independent third parties for commercial use as at the valuation date.	319,000,000
Building/Unit	Gross Floor Area (sq.m.)																							
Nos. 6_192-194, 196-197, 282, 351, 3160	212.18																							
No. 1_401	2,919.50																							
Nos. 3_123, 125-133	327.33																							
No. 3_201(5F)	2,709.18																							
No. 6_401	3,567.57																							
Nos. 2_103, 249-252, 258, 262	471.76																							
Nos. 5_257, 259																								
Nos. 7_1001, 1101, 1201, 1301, 1501, 1601, 501, 601, 701, 801, 901, 130, 201, 301, 401, 128, 129, 101, 117, 118	24,166.59																							
<b>Total:</b>	<b><u>34,374.11</u></b>																							
		The land use rights of the property have been granted for terms with the expiry dates on 18 February 2049 and 22 September 2048 for commercial use.																						

## Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 15 August 2008, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taizhou Jia Yuan Property Development Co., Ltd. ("Taizhou Jia Yuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	79,483 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 3.5
Land Premium	:	RMB441,130,000

2. Pursuant to 2 Construction Land Planning Permits — Gui Zi Di Nos. 200912 and 2008026, permission towards the planning of 2 parcels of land with a site area of approximately 69,483 sq.m. (including the land of the property), has been granted to Taizhou Jia Yuan.
3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of 3 parcels of land with a total site area of approximately 43,360 sq.m. (including the land use rights of the property), have been granted to Taizhou Jia Yuan with the particulars as follows:

<b>Land Use Rights Certificate</b>	<b>Site Area</b> (sq.m.)	<b>Usage</b>	<b>Expiry Date</b>	<b>Issued Date</b>
Jiang Tu Guo Yong(Ji 16) No. 11733	12,437	Commercial Residential	22 September 2048 22 September 2078	22 September 2008
Jiang Tu Guo Yong(Ji 16) No. 11732	8,017	Commercial Residential	22 September 2048 22 September 2078	22 September 2008
Jiang Tu Guo Yong(Ji 16) No. 11642	22,906	Commercial Residential	18 February 2049 18 February 2079	23 March 2009
Total:	<u>43,360</u>			

4. Pursuant to 4 Construction Work Planning Permits — Jian Zi Nos.2011018, 2012015, 2010031 and 321200201441066 issued by the Planning Bureau of Jiangyan City in favor of Taizhou Jia Yuan, the construction works of the following buildings (including the property) have been approved.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
Jian Zi Di No.2011018	Nos. 1,2,5,8,9	59,140.66	27 July 2011
Jian Zi Di No.2012015	Nos. 3, 11, 12, 15	78,788.92	5 April 2012
Jian Zi Di No.2010031	No. 6	26,792.07	4 August 2010
Jian Zi Di No.321200201441066	Nos. 7, 17	70,027.61	5 July 2014
Total:		<u>234,749.26</u>	

5. Pursuant to 5 Construction Work Commencement Permits issued by Construction Engineering Administration Bureau of Jiangyan City in favor of Taizhou Jia Yuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<b>Permit No.</b>	<b>Building</b>	<b>Gross Floor Area</b> (sq.m.)	<b>Issued Date</b>
321284200907072400001A	Nos. 1, 8, 9	43,780.18	24 July 2009
3212842009072800001A	Nos. 2, 5	15,360.48	28 July 2009
3212842009111900001A	Nos. 3, 11, 12, 15	79,716.53	19 January 2009
3212842008101600001A	Nos. 6, 10	30,020.92	16 October 2008
3212842010081300001A	Nos. 7, 17, 13, 16	100,993.29	13 August 2010
Total:		<u>269,871.40</u>	

6. Pursuant to a Construction Work Completion and Inspection Certificate, the property has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to 6 Tenancy Agreements, the property was rented to various independent third parties for various terms with the expiry dates between 31 December 2018 and 31 December 2028 at a total annual passing rent of RMB2,251,566 exclusive of management fees, water and electricity charges.

8. Pursuant to 8 Pre-sales Permits — Jiang Fang Xiao Zheng Di Nos. (2015)008, (2014)022, (2009)044, (2011)047 and Nos. Jiang Fang Xiao (Yu) Zheng Di (2010)052, (2012)015, (2009)046, (2011)047, in favour of Taizhou Jia Yuan, the Group is freely entitled to sell the development with a total gross floor area of approximately 223,488.19 sq.m. (including the property) to local and overseas purchasers.
9. Pursuant to 51 Building Ownership Certificates, portion of the development with a total gross floor area of approximately 34,993.78 sq.m. (including the property) is owned by Taizhou Jia Yuan.
10. In the course of valuation, reference has been made to rental evidence/asking rent of similar commercial development in the locality which are in the region of RMB1.33/sq.m. to RMB2.78/sq.m. per day. The assumed market yield is 3.5% which is in line with the market yield of this property sector in the region of 3% to 4.5%.
11. Pursuant to a Mortgage Contract, the land use rights and the building ownership rights of the property are subject to a mortgage in favour of China Huarong Assets Management Zhejiang Branch (“Huarong”), as a security to guarantee the principal obligation under the loan contract entered into between Huarong and Suqian Jia Yuan for an amount of RMB500,000,000.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
  - a. The property was mortgaged; and
  - b. Taizhou Jia Yuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
13. A summary of major certificates/approvals is shown as follows:
 

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

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
35.	Portion of retail units and a commercial building of Quexiandao Number One located at No.1 Shui Qin Road Qintong Town Jiangyan District Taizhou City Jiangsu Province The PRC	<p>The property comprises a 5-storey commercial building and various retail units of Quexiandao Number One which were completed in 2011.</p> <p>The property is located at No.1 Shui Qing Road, Qin Tong Town, Jiang Yan District, Taizhou City and well-served by good facilities.</p> <p>The commercial building has a gross floor area of approximately 5,007.33 sq.m. and the retail units have a total gross floor area of approximately 5,020.4 sq.m.</p> <p>The land use rights of the property have been granted for a term with the expiry date on 23 March 2050 for commercial use.</p>	The property was rented to various independent third parties for commercial use as at the valuation date.	87,910,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 23 March 2010, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taizhou Mingyuan Property Development Co., Ltd. ("Taizhou Mingyuan"), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	68,330.39 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 1.5
Land Premium	:	RMB62,522,310
- Pursuant to a Construction Land Planning Permit — Di Zi Jiang Gui Cun No. 2010049, permission towards the planning of a parcel of land with a site area of approximately 68,330 sq.m. (including the land of the property) has been granted to Taizhou Mingyuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a total site area of approximately 68,330.1 sq.m. (including the land use rights of the property) have been granted to Taizhou Mingyuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Jiang Guo Yong (2010) Di No.5851	62,899.1	Commercial	23 March 2050	12 November 2010
Jiang Guo Yong (2010) Di No.5850	5,431.0	Commercial	23 March 2050	12 November 2010
Total:	<u>68,330.1</u>			

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 321200201345062 issued by Planning Bureau of Taizhou City in favour of Taizhou Mingyuan, the construction works of Quexiandao Number One with a total planned gross floor area of approximately 37,461.24 sq.m. (including the property) have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 321284120110002 issued by Construction Engineering Administration Bureau of Jiangyan City in favour of Taizhou Mingyuan, the commencement of the construction works of Quexiandao Number One with a total gross floor area of approximately 36,217.68 sq.m. (including the property) has been permitted.
6. Pursuant to a Construction Work Completion and Inspection Certificate, the property has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to a Pre-sales Permit — Jiang Fang Yu Zheng Di No. (2011)080 in favour of Taizhou Mingyuan, the Group is freely entitled to sell the development with a total gross floor area of approximately 25,720.54 sq.m. (including the property) to local and overseas purchasers.
8. Pursuant to 3 Building Ownership Certificates, portions of the property with a total gross floor area of approximately 8,665.75 sq.m. are owned by Taizhou Mingyuan.
9. Pursuant to 4 Tenancy Agreements, the property was rented to various independent third parties for various terms with the expiry dates between 31 August 2017 and 31 August 2021 at a total annual passing rent of RMB2,346,557 exclusive of management fees, water and electricity charges.
10. In the course of valuation, reference has been made to rental evidence/asking rent of similar retail commercial development in the locality which are in the region of RMB1.00/sq.m. to RMB1.8/sq.m. per day. The assumed market yield is 4.0% which is in line with the market yield of this property sector in the region of 3.0% to 4.5%.
11. Pursuant to 4 Mortgage Contracts, portions of the property and property no. 8 are subject to a mortgage in favour of Taizhou Rural Commercial Bank (“Taizhou Bank”) and Jiangsu Bank Taizhou Jiangyan Branch (“Jiangsu Bank”), as a security to guarantee the principal obligation under the loan contracts entered into between Taizhou Bank and Taizhou Jia Yuan, and Jiangsu Bank and Taizhou Jia Yuan for an amount of RMB63,050,000.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taizhou Mingyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
13. A summary of major certificates/approvals is shown as follows:
- |    |   |         |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate                       | Yes     |
| b. | Construction Land Planning Permit                             | Yes     |
| c. | Construction Work Planning Permit                             | Yes     |
| d. | Construction Work Commencement Permit                         | Yes     |
| e. | Pre-sales Permit  | Yes     |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes     |
| g. | Building Ownership Certificate*                               | Portion |

\* We have not been provided with the Building Ownership Certificates for portions of the property. As advised by the Company, these portions of the property were disposed of after the valuation date and the relevant original Building Ownership Certificates have been canceled or are otherwise not available.



## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB														
36.	Portion of retail units of Jiayuan New World Phase I located at No. 9 East Daqing Road Taixing City Jiangsu Province The PRC	<p>The property comprises various retail units of Jiayuan New World which were completed in 2014.</p> <p>The property is located at No. 9 East Da Qing Road, Taixing City and is well-served by various facilities.</p> <p>The property has a total gross floor area of approximately 20,266.10 sq.m. The details are set out as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Building/Unit</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>No. 3_501</td> <td style="text-align: right;">3,423.97</td> </tr> <tr> <td>No. 2_318</td> <td style="text-align: right;">2,009.70</td> </tr> <tr> <td>Nos. 3_136, 221, 317</td> <td style="text-align: right;">6,947.35</td> </tr> <tr> <td>Nos. 2_401, 501</td> <td style="text-align: right;">4,029.65</td> </tr> <tr> <td>No. 3_401</td> <td style="text-align: right;"><u>3,855.43</u></td> </tr> <tr> <td><b>Total:</b></td> <td style="text-align: right;"><b><u>20,266.10</u></b></td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for a term with the expiry date on 10 December 2052 for commercial use.</p>	Building/Unit	Gross Floor Area (sq.m.)	No. 3_501	3,423.97	No. 2_318	2,009.70	Nos. 3_136, 221, 317	6,947.35	Nos. 2_401, 501	4,029.65	No. 3_401	<u>3,855.43</u>	<b>Total:</b>	<b><u>20,266.10</u></b>	The property was rented to various independent third parties for commercial use as at the valuation date.	299,000,000
Building/Unit	Gross Floor Area (sq.m.)																	
No. 3_501	3,423.97																	
No. 2_318	2,009.70																	
Nos. 3_136, 221, 317	6,947.35																	
Nos. 2_401, 501	4,029.65																	
No. 3_401	<u>3,855.43</u>																	
<b>Total:</b>	<b><u>20,266.10</u></b>																	

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 7 January 2011, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taixing Guangyuan Property Development Co., Ltd. (“Taixing Guangyuan”), a wholly-owned subsidiary of the Company with the particulars as follows:

Site Area	:	121,316 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	≤2.3
Land Premium	:	RMB1,123,580,000
- Pursuant to a Construction Land Planning Permit — Tai Gui Hua Di Zi Di No. 321283201110012, permission towards the planning of a parcel of land with a site area of approximately 121,316 sq.m. (including the land of the property) has been granted to Taixing Guangyuan.

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land with a site area of approximately 61,353 sq.m. (including the land use rights of the property) were granted to Taixing Guangyuan with the particulars as follows:

<u>Land Use Rights Certificate</u>	<u>Site Area</u> (sq.m.)	<u>Usage</u>	<u>Expiry Date</u>	<u>Issued Date</u>
Jiang Guo Yong (2014) Di No. 4009	44,062.5	Commercial	10 December 2052	26 June 2014
Jiang Guo Yong (2014) Di No. 4010	17,290.5	Commercial	10 December 2052	26 June 2014
Total:	<u>61,353.0</u>			

4. Pursuant to a Construction Work Planning Permit — Tai Gui Hua Jian Zi No. 32128301210070 issued by Planning Bureau of Taixing City in favour of Taixing Guangyuan, the construct works of Jiayuan New World Phase I with a total planned gross floor area of approximately 48,327 sq.m. (including the property) have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 321283020140065 Bu Ban issued by Taixing Housing and Urban-rural Development Committee in favour of Taixing Guangyuan, the commencement of the construction works with a total planned gross floor area of approximately 45,857 sq.m. (including the property) have been permitted.
6. Pursuant to a Construction Work Completion and Inspection Certificate, the property has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to 2 Pre-sales Permits — (Tai) Fang Xiao Zheng Di Nos. 343 and 480 in favour of Taixing Guangyuan, the Group is freely entitled to sell the development with a total gross floor area of approximately 80,591.90 sq.m. (including the property) to local and overseas purchasers.
8. Pursuant to 8 Building Ownership Certificates, the property with a total gross floor area of approximately 20,266.10 sq.m. is owned by Taixing Guangyuan.
9. Pursuant to 5 Tenancy Agreements, the property was rented to various independent third parties for various terms with the expiry dates between 31 May 2022 and 30 September 2029 at a total annual passing rent of RMB3,652,862, exclusive of management fees, water and electricity charges.
10. In the course of valuation, reference has been made to rental evidence/asking rent of similar commercial development in the locality which are in the region of RMB3.00/sq.m. to RMB6.00/sq.m. per day. The assumed market yield is 3.5% which is in line with the market yield of this property sector in the region of 3.0% to 4.5%.
11. Pursuant to 3 Mortgage Contracts, portions of the land use rights of Jiayuan New World (including the land use rights of the property) are subject to a mortgage in favour of CITIC Trust Co., Ltd. (“CITIC”) and Bank of China Taixing Branch (the “Bank”), as a security to guarantee the principal obligation under the loan contracts entered into between Taixing Guangyuan and the bank, and Nanjing Xinhaoning and CITIC, for an amount of RMB3,080,000,000.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- a. Taixing Guangyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from the mortgagee within the mortgage period.
13. A summary of major certificates/approvals is shown as follows:
- |  |     |
|--|-----|
| a. State-owned Land Use Rights Certificate                       | Yes |
| b. Construction Land Planning Permit                             | Yes |
| c. Construction Work Planning Permit                             | Yes |
| d. Construction Work Commencement Permit                         | Yes |
| e. Pre-sales Permit  | Yes |
| f. Construction Work Completion and Inspection Certificate/Table | Yes |
| g. Building Ownership Certificate                                | Yes |

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 RMB
37.	Portion of retail units of Huangqiao Jiayuan Central Plaza Lot S2 located at No. 68 of the western side of Dinghui Road Huangqiao Town Taixing City Jiangsu Province The PRC	<p>The property comprises various retail units located in two 4-storey commercial buildings of Huangqiao Jiayuan Central Plaza which were completed in 2015.</p> <p>The property is located at No. 68 of the western side of Dinghui Road, Huangqiao Town in Taixing City and is well-served by various facilities.</p> <p>The property has a total gross floor area of approximately 47,567.17 sq.m.</p> <p>The land use rights of the property have been granted for terms with the expiry date on 1 April 2053 for commercial use.</p>	The property was rented to various independent third parties for commercial use as at the valuation date.	221,000,000

*Notes:*

- Pursuant to a State-owned Land Use Rights Grant Contract dated 10 January 2013, the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Taixing Hengyuan Property Development Co., Ltd. ("Taixing Hengyuan"), an indirect wholly-owned subsidiary of the Company with the particulars as follows:
 

Site Area	:	81,886 sq.m.
Land Use	:	Residential/commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	Lower than 2.7 and higher than 1.0
Land Premium	:	RMB123,810,000
- Pursuant to a Construction Land Planning Permit — Huang Jian Di Zi Di No. 321283201320005, permission towards the planning of a parcel of land with a site area of approximately 81,886 sq.m. (including the land of the property) has been granted to Taixing Hengyuan.
- Pursuant to a State-owned Land Use Rights Certificate — Tai Guo Yong (2015) Di No. 4505, the land use rights of a parcel of land with a site area of approximately 35,208 sq.m. (including the land use rights of the property), on which the property is situated, have been granted to Taixing Hengyuan for terms with the expiry date on 1 April 2083 for residential use and 1 April 2053 for commercial use.
- Pursuant to a Construction Work Planning Permit — Tai Huang Gui Hua Jian Zi Di No. 321283201330022 issued by Taixing Huangqiao Peoples' Government in favour of Taixing Hengyuan, the construction works of Huangqian Jiayuan Central Plaza Lot S2 with a total planned gross floor area of approximately 68,904.94 sq.m. (including the property) have been approved.

5. Pursuant to 2 Construction Work Commencement Permits issued by Taixing Housing and Urban Construction Bureau in favour of Taixing Hengyuan, the commencement of the construction works of the following buildings (including the property) have been permitted.

<u>Permit No.</u>	<u>Building</u>	<u>Gross Floor Area</u> (sq.m.)	<u>Issued Date</u>
No. 321283020130094	Building Nos. 1, 11, Bu Ban bell tower and basement A	51,348.42	21 October 2013
No. 321283020130095	Building Nos. 2, 9	<u>63,834.92</u>	21 October 2013
	Total:	<u><u>115,183.34</u></u>	

6. Pursuant to a Construction Completion and Inspection Table issued by Construction Bureau of Huangqiao Town in favour of Taixing Hengyuan, Huangqiao Jiayuan Central Plaza Lot S2 (including the property) has been approved to be complied with the urban and rural planning requirements.
7. Pursuant to a Pre-sales Permit — (Tai) Fang Xiao Zheng Yu Shou Zheng Di No. 366 in favour of Taixing Hengyuan, the Group is freely entitled to sell portion of the development with a total gross floor area of approximately 66,639.41 sq.m. (including the property) to local and overseas purchasers.
8. Pursuant to 10 Building Ownership Certificates, the property with a total gross floor area of approximately 47,567.17 sq.m. is owned by Taixing Hengyuan.
9. Pursuant to 6 Tenancy Agreements, the property was rented to various independent third parties for various terms with the expiry dates between 31 March 2023 and 31 October 2025 at a total passing annual rent of RMB848,952, exclusive of management fees, water and electricity charges.
10. In the course of valuation, reference has been made to rental evidence/asking rent of similar retail commercial development in the locality which are in the region of RMB0.6/sq.m. to RMB1.5/sq.m. per day on the first floor. The assumed market yield is 4.0% which is in line with the market yield of this property sector in the region of 3.0% to 4.5%.
11. Pursuant to a Mortgage Contract, portions of the land use rights and the building ownership rights of Huangqiao Jiayuan Central Plaza (including the property) are subject to a mortgage in favour of AVIC Trust Co., Ltd. (“AVIC”), as a security to guarantee the principal obligation under the loan contract entered into between AVIC and Taixing Hengyuan for an amount of RMB350,000,000.
12. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, *inter alia*, the following:
- Taixing Hengyuan is entitled to occupy, use, lease, transfer, re-mortgage or otherwise dispose of the property upon the consent from mortgagee within the mortgage period.
13. A summary of major certificates/approvals is shown as follows:
- |    |   |     |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate                       | Yes |
| b. | Construction Land Planning Permit                             | Yes |
| c. | Construction Work Planning Permit                             | Yes |
| d. | Construction Work Commencement Permit                         | Yes |
| e. | Pre-sales Permit  | Yes |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes |
| g. | Building Ownership Certificate                                | Yes |

## VALUATION CERTIFICATE

## Group V — Property interest held for occupation by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 November 2015 <i>RMB</i>
38.	Suite 1403 on 14th Floor “Nine Queen’s Road Central”, No. 9 Queen’s Road Central, Hong Kong  120/500 of 500/23,086th shares of and in the Remaining Portion of Section A of Marine Lot No. 102, Section C of Marine Lot No. 103, the Remaining Portion of Marine Lot No. 101, the Remaining Portion of Inland Lot No. 514, Section A of Marine Lot No. 101, Section B of Marine Lot No. 101 and the Remaining Portion of Section C of Marine Lot No. 101	The property comprises an office unit on the 14th floor of a 37-storey (plus 2-level basement) office building completed in 1991.  The property has a saleable area of approximately 2,187 sq.ft. (203.18 sq.m.).  The property is held under Government Leases for the term of 999 years commencing from 16 November 1855 and 21 January 1857.	The property was occupied by the Group for office purpose as at the valuation date.	82,775,000 (or equivalent to HKD100,300,000)

*Notes:*

1. The registered owner of the property is Hong Kong Jia Yuan Holdings Limited vide Memorial No. 14031400530052 dated 7 March 2014 for a consideration of HKD93,600,500.
2. According to the Central District Outline Zoning Plan No. S/H4/15 dated 11 December 2015, the site of the property was zoned as “Commercial”.
3. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
  - (i) Deed of Mutual Covenant and Management Agreement in favour of HKL (Nine Queen’s Road Central) Management Limited “the Manager” vide Memorial No. UB5711938 dated 30 June 1993.
  - (ii) Mortgage in favour of Hang Seng Bank Limited vide Memorial No. 14070701410012 dated 23 June 2014 for all moneys.
  - (iii) Rental Assignment in favour of Hang Seng Bank Limited Memorial No. 14070701410026 dated 23 June 2014.
4. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. The unit price of these comparables range from HKD39,396/sq.ft. to HKD46,154/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HKD45,862/sq.ft. on saleable area basis for the subject property.

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## APPENDIX V SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND THE CAYMAN ISLANDS COMPANY LAW

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Set out below is a summary of certain provisions of the Memorandum and Articles of our Company and of certain aspects of Cayman company law.

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 May 2015 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Memorandum and the Articles comprise its constitution.

### 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of our 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 our Company is established are unrestricted (including acting as an investment company), and that our 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 our 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 our Company carried on outside the Cayman Islands.
- (b) Our 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 12 February 2016. 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 our 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 our 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 our 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 our 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.

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**APPENDIX V      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND  
THE CAYMAN ISLANDS COMPANY LAW**

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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) Financial assistance to purchase shares of the Company or its subsidiaries***

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. There is no provision in the Articles that prohibits the Company from giving financial assistance for the purchase shares of its subsidiaries.

***(vi) 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 favour of any resolution appointing the Directors or any of them to be

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**APPENDIX V      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND  
THE CAYMAN ISLANDS COMPANY LAW**

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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 realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company 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.



***(vii) 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.

***(viii) 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

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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) if he 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; or
- (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

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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.

***(ix) 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.

***(x) Proceedings of the Board***

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

***(xi) 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 sixty (60) 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;

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- (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 authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (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 authorised 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 authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the 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 authorised 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 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 summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon. 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

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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.



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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 recognise 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, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

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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 authorised 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 authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised 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 summarised 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.

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THE CAYMAN ISLANDS COMPANY LAW**

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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. THE 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 authorised share capital.

#### **(b) Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

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 authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company 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.



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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 authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) 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 26 May 2015.

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 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 authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. 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 member's 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 authorised 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 summarising certain aspects of the 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 VII to this prospectus. Any person wishing to have a detailed summary of the 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 under the Cayman Companies Law as an exempted company with limited liability on 5 May 2015.

We have been registered in Hong Kong as a non-Hong Kong company under the Companies Ordinance and our principal place of business in Hong Kong is at Room 1403, 9 Queen's Road Central, Central, Hong Kong. In compliance with the requirements of the Companies Ordinance, Ms. Cheuk Hiu Nam 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.

Our Company was incorporated in the Cayman Islands and is subject to Cayman Islands law. Our constitution comprises a memorandum of association and articles of association. A summary of certain relevant parts of its constitution and certain relevant aspects of Cayman Companies Law is set out in Appendix V to this prospectus.

**2. Changes in share capital of our Company*****(a) Increase in authorised share capital***

- (i) As at the date of incorporation of our Company on 5 May 2015, our authorised share capital was HK\$380,000 divided into 38,000,000 Shares having a par value of HK\$0.01 each.
- (ii) On 12 February 2016, the authorised share capital of our Company was further increased to HK\$100,000,000 by the creation of further 9,962,000,000 Shares pursuant to a resolution passed by our Sole Shareholder.
- (iii) Immediately following completion of the Capitalisation Issue and the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme and upon the exercise of the Over-allotment Option), the authorised share capital of our Company will be HK\$100,000,000 divided into 10,000,000,000 Shares, of which 1,800,000,000 Shares will be issued, fully paid or credited as fully paid, and 8,200,000,000 Shares will remain unissued.

Other than pursuant to the exercise of the Over-allotment Option and the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our 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 sections headed “Information about our Company — 3. Resolutions in writing of the sole Shareholder passed on 12 February 2016” and “Information about our Company — 4. Reorganisation” in this Appendix to this prospectus, 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 sole Shareholder passed on 12 February 2016**

Written resolutions were passed by the sole Shareholder on 12 February 2016 (the “Shareholders Resolutions”) pursuant to which, among other matters:

- (a) our Company approved and adopted the Memorandum on the date of the Shareholders Resolutions with immediate effect and the Articles conditional upon and with effect from the listing of the Shares on the Stock Exchange on the Listing Date;
- (b) the authorised share capital of our Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of further 9,962,000,000 Shares;
- (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 Global Offering and the Over-allotment Option were approved and the Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be required to be allotted and issued upon the exercise of the Over-allotment Option;
  - (ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph 14 of this Appendix, were approved and adopted and the Directors were authorised 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 authorised to capitalise HK\$13,499,999.99 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 1,349,999,999 Shares for allotment and issue to holder of Shares whose name appear on the register of members of our Company at the close of business on 12 February 2016 (or as it may direct) in accordance with its shareholding (as nearly as possible without involving fractions 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 authorised to give effect to such capitalisation;
  - (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 Capitalisation Issue or the Global Offering or upon the exercise of the Over-allotment Option, 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 Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme, and (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to 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 purchase or repurchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be listed and recognised 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 Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles, 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 nominal amount of Shares which may be purchased or repurchased pursuant to paragraph (v) above.
- (d) our Company approved the form and substance of each of the service agreements made between the executive Directors and our Company, and the form and substance of each of the appointment letters made between each of our independent non-executive Directors with our Company.

#### **4. Reorganisation**

In contemplation of the Listing, we underwent the Reorganisation to rationalise our Group structure and to achieve clear delineation between our business and the Excluded Business. For details of the Reorganisation, please refer to the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus.

#### **5. Changes in share capital of subsidiaries**

The subsidiaries of our Company are listed in the accountants’ report set out in Appendix I to this prospectus.

Save as disclosed in the section headed “History, Reorganisation and Group structure” in this prospectus, there are no changes in the share capital or registered capital of our Company’s subsidiaries during the two years immediately preceding the date of this prospectus.

**6. Further information about our Group's PRC establishment**

Our Group has interest in the registered capital of various PRC subsidiaries. A summary of the corporate information of such PRC subsidiaries as at the Latest Practicable Date is set out as follows:

**(a) Nanjing Gangyuan**

Name of the enterprise:	Nanjing Gangyuan Investment Consulting Co., Ltd.* (南京港源投資諮詢有限公司)
Registered address:	No. 59, Gu Jia Ying Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC
Date of its establishment:	27 May 2015
Economic nature:	Limited liability company (wholly owned by a Taiwan, Hong Kong or Macau legal person)
Registered owner:	Hong Kong Jia Yuan (100%)
Registered capital:	RMB1,000,000
Attributable interest to our Group:	100%
Term of operation:	27 May 2015 to 26 May 2035

**(b) Taizhou Jia Yuan**

Name of the enterprise:	Taizhou Jia Yuan Property Development Co., Ltd.* (泰州市佳源房地產開發有限公司) (formerly known as Jiangyan Jia Yuan Property Development Co., Ltd.* (姜堰市佳源房地產開發有限公司))
Registered address:	Building 10, No. 99, Middle Ren Min Road, Jiangyan Town, Jiangyan District, Taizhou, Jiangsu Province, the PRC
Date of its establishment:	31 July 2007
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (100%)
Registered capital:	RMB140,000,000
Attributable interest to our Group:	100%
Term of operation:	31 July 2007 to 30 July 2037

**(c) Taixing Hengyuan**

Name of the enterprise:	Taixing Hengyuan Property Development Co., Ltd.* (泰興市恒源房地產開發有限公司)
Registered address:	No. 68, Dinghui Road West, Huangqiao Town, Taixing, Jiangsu Province, the PRC
Date of its establishment:	16 February 2012
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (100%)
Registered capital:	RMB26,670,000
Attributable interest to our Group:	100%
Term of operation:	16 February 2012 to 15 February 2022

**(d) Taixing Mingyuan**

Name of the enterprise:	Taixing Mingyuan Property Development Co., Ltd.* (泰興市明源房地產開發有限公司)
Registered address:	Block 11, Ai Li She Gong, Venice Metropolis No. 333, Gulou North Road, Taixing, Jiangsu Province, the PRC
Date of its establishment:	25 October 2013
Economic nature:	Limited liability company (wholly owned by a Taiwan, Hong Kong or Macau legal person)
Registered owner:	Hong Kong Jia Yuan (100%)
Registered capital:	USD10,000,000
Attributable interest to our Group:	100%
Term of operation:	25 October 2013 to 24 October 2033



**(e) Taixing Guangyuan**

Name of the enterprise:	Taixing Guangyuan Property Development Co., Ltd.* (泰興市廣源房地產開發有限公司)
Registered address:	Block 11, Ai Li She Gong, Venice Metropolis No. 333, Gulou North Road, Taixing, Jiangsu Province, the PRC
Date of its establishment:	17 November 2009
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (100%)
Registered capital:	RMB300,000,000
Attributable interest to our Group:	100%
Term of operation:	17 November 2009 to 16 November 2019

**(f) Taizhou Mingyuan**

Name of the enterprise:	Taizhou Mingyuan Property Development Co., Ltd. (泰州市明源房地產開發有限公司) (formerly known as Jiangyan Mingyuan Property Development Co., Ltd.* (姜堰市明源房地產開發有限公司))
Registered address:	Shen Mao Kuang, Shuiqin Road, Qintong Town, Jiangyan District, Taizhou, Jiangsu Province, the PRC
Date of its establishment:	10 March 2010
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (100%)
Registered capital:	RMB60,000,000
Attributable interest to our Group:	100%
Term of operation:	10 March 2010 to 9 March 2030

**(g) Yangzhou Mingyuan**

Name of the enterprise:	Yangzhou Mingyuan Property Development Co., Ltd.* (揚州明源房地產開發有限公司)
Registered address:	No. 141, Jiangdu Road, Yangzhou, Jiangsu Province, the PRC
Date of its establishment:	16 January 2008
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (100%)
Registered capital:	RMB10,000,000
Attributable interest to our Group:	100%
Term of operation:	16 January 2008 to 15 January 2018

**(h) Siyang Fengyuan**

Name of the enterprise:	Siyang Fengyuan Property Development Co., Ltd.* (泗陽豐源房地產開發有限公司)
Registered address:	Commercial Building One, Paris Metropolis, Zhong Xing East Road, Zhong Xing Town, Siyang County, Suqian, Jiangsu Province, the PRC
Date of its establishment:	6 March 2012
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (100%)
Registered capital:	RMB50,000,000
Attributable interest to our Group:	100%
Term of operation:	6 March 2012 to 5 March 2032

**(i) Suqian Jia Yuan**

Name of the enterprise:	Suqian Jia Yuan Property Development Co., Ltd.* (宿遷市佳源房地產開發有限公司)
Registered address:	Second Floor, Building 13, Elite International Garden, Wenhui Road East, Suqian, Jiangsu Province, the PRC
Date of its establishment:	7 August 2009
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (90%); Shaoyang Guangyuan (10%)
Registered capital:	RMB60,000,000
Attributable interest to our Group:	90%
Term of operation:	7 August 2009 to 6 August 2059

**(j) Nanjing Xinhaoning**

Name of the enterprise:	Nanjing Xinhaoning Property Development Co., Ltd.* (南京新浩寧房地產開發有限公司)
Registered address:	No. 59, Gu Jia Ying Road, Xuanwu District, Nanjing, Jiangsu Province, the PRC
Date of its establishment:	11 August 2005
Economic nature:	Sino-foreign joint venture enterprise
Registered owner:	Guo Xiang (99%); Nanjing Jia Feng (1%)
Registered capital:	USD99,000,000
Attributable interest to our Group:	100%
Term of operation:	11 August 2005 to 10 August 2035

**(k) Yangzhou Hengyuan**

Name of the enterprise:	Yangzhou Hengyuan Property Development Co., Ltd.* (揚州市恒源房地產開發有限公司) (formerly known as Jiangdu Hengyuan Property Development Co., Ltd.* (江都市恒源房地產開發有限公司))
Registered address:	No. 8, Longchuan North Road, Xiannv Town, Jiangdu District, Yangzhou, Jiangsu Province, the PRC
Date of its establishment:	1 August 2007
Economic nature:	Limited liability company
Registered owner:	Nanjing Gangyuan (100%)
Registered capital:	RMB40,000,000
Attributable interest to our Group:	100%
Term of operation:	1 August 2007 to 18 June 2017

**(l) Changzhou Jinyuan**

Name of the enterprise:	Changzhou Jinyuan Property Development Co., Ltd.* (常州金源房地產開發有限公司)
Registered address:	No. 1, Panjia Village West Street, Xueyan Town, Wujin District, Changzhou, Jiangsu Province, the PRC
Date of its establishment:	7 August 2013
Economic nature:	Limited liability company (wholly owned by a Taiwan, Hong Kong or Macau legal person)
Registered owner:	Hong Kong Jia Yuan (100%)
Registered capital:	RMB70,500,000
Attributable interest to our Group:	100%
Term of operation:	7 August 2013 to 6 August 2043

**(m) Yangzhou Guangyuan**

Name of the enterprise:	Yangzhou Guangyuan Property Development Co., Ltd.* (揚州廣源房地產開發有限公司) (formerly known as Jiangdu Guangyuan Property Development Co., Ltd.* (江都市廣源房地產開發有限公司))
Registered address:	No. 209, Longcheng Road, Xiannv Town, Jiangdu District, Yangzhou, Jiangsu Province, the PRC
Date of its establishment:	20 June 2003
Economic nature:	Limited liability company (joint venture by PRC legal person and Taiwan, Hong Kong or Macau legal person)
Registered owner:	Hong Kong Jia Yuan (88.7%) Nanjing Gangyuan (11.3%)
Registered capital:	USD22,560,000
Attributable interest to our Group:	100%
Term of operation:	20 June 2003 to 28 September 2023

**(n) Nanjing Jia Feng**

Name of the enterprise:	Nanjing Jia Feng Investment Management Company Ltd.* (南京嘉豐投資管理有限公司)
Registered address:	Room 3902, No. 100, Zhongshan South Road, Qinhuai District, Nanjing, Jiangsu Province, the PRC
Date of its establishment:	27 December 2011
Economic nature:	Limited liability company
Registered owner:	Yangzhou Mingyuan (100%)
Registered capital:	RMB5,000,000
Attributable interest to our Group:	100%
Term of operation:	27 December 2011 to 26 December 2061

**7. Securities repurchase mandate**

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

***(a) Shareholders' approval***

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholder, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by the sole shareholder on 12 February 2016, the Repurchase Mandate was given to our Directors authorising 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 recognised 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 Capitalisation Issue and the Global Offering but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles, the Cayman Companies Law 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 our 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 or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorised 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 the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorised by the Articles and subject to the provisions of the Cayman Companies Law, out of capital.

***(c) Reasons for repurchases***

Our Directors believe that it is in the best interest of our Company and our Shareholders for our Directors to have general authority from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

*(d) Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the 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, our 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, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 1,800,000,000 Shares in issue immediately after the Listing, would result in up to 180,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

*(e) General*

None of our 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.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the 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. Our 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.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified our Company 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.

**FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY****8. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) 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:

- (a) a share buy-back agreement dated 1 June 2015 and entered into between Hong Kong Jia Yuan and Mr. Shum, pursuant to which Hong Kong Jia Yuan bought back its 10,000 shares from Mr. Shum at a consideration of HK\$10,000, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (b) an equity transfer agreement dated 2 June 2015 and entered into between Hong Kong Jia Yuan and Jin Jiang Limited, pursuant to which Hong Kong Jia Yuan agreed to transfer and Jin Jiang Limited agreed to acquire 100% equity interest in Jiaxing Jinyuan at the consideration of USD4 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (c) an equity transfer agreement dated 15 May 2015 and entered into between Suqian Jia Yuan and Zhejiang Jia Yuan Group, pursuant to which Suqian Jia Yuan agreed to transfer and Zhejiang Jia Yuan Group agreed to acquire 90% equity interest in Haining Jia Yuan at the consideration of RMB252.9 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (d) an equity transfer agreement dated 21 May 2015 and entered into between Yangzhou Guangyuan and Zhejiang Guangyuan, pursuant to which Yangzhou Guangyuan agreed to transfer and Zhejiang Guangyuan agreed to acquire 60% equity interest in Jiaxing Jindi at the consideration of RMB144 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (e) an equity transfer agreement dated 1 June 2015 and entered into between Taizhou Jia Yuan and Zhejiang Jia Yuan Group, pursuant to which Taizhou Jia Yuan agreed to transfer and Zhejiang Jia Yuan Group agreed to acquire 31.76% equity interest in Haiyan Jia Yuan at the consideration of RMB75.6 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (f) an equity transfer agreement dated 17 May 2015 and entered into between Yangzhou Guangyuan and Jia Yuan Chuangsheng, pursuant to which Yangzhou Guangyuan agreed to transfer and Jia Yuan Chuangsheng agreed to acquire 35% equity interest in Tongxiang Jia Yuan at the consideration of RMB7.81 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (g) an equity transfer agreement dated 27 May 2015 and entered into between Yangzhou Guangyuan and Jia Yuan Chuangsheng, pursuant to which Yangzhou Guangyuan agreed to transfer and Jia Yuan Chuangsheng agreed to acquire 45% equity interest in Zhejiang Guangyuan at the consideration of RMB22.59 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;



- (h) an equity transfer agreement dated 1 June 2015 and entered into between Yangzhou Guangyuan and Tongxiang Jia Yuan, pursuant to which Yangzhou Guangyuan agreed to transfer and Tongxiang Jia Yuan agreed to acquire 10.4% equity interest in Zhejiang Jia Yuan Group at the consideration of RMB92 million;
- (i) an equity transfer agreement dated 1 June 2015 and entered into between Jinjiang Investment and Hong Kong Jia Yuan, pursuant to which Jinjiang Investment transferred to Hong Kong Jia Yuan 100% equity interest in Taixing Mingyuan at the consideration of RMB60 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (j) an equity transfer agreement dated 1 June 2015 and entered into between Jinjiang Investment and Hong Kong Jia Yuan, pursuant to which Jinjiang Investment transferred to Hong Kong Jia Yuan 88.7% equity interest in Yangzhou Guangyuan at the consideration of USD20 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (k) an equity transfer agreement dated 1 June 2015 and entered into between Jia Yuan Chuangsheng and Nanjing Gangyuan, pursuant to which Jia Yuan Chuangsheng transferred to Nanjing Gangyuan 11.3% equity interest in Yangzhou Guangyuan at the consideration of USD2.56 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (l) an equity transfer agreement dated 1 June 2015 and entered into between Tsho Yun Wai (卓雄偉) and Hong Kong Jia Yuan (as supplemented by a supplemental agreement dated 1 June 2015 entered into between Tsho Yun Wai (卓雄偉), Hong Kong Jia Yuan, Zhejiang Jia Yuan Group and Changzhou Tian Yu), pursuant to which Tsho Yun Wai (卓雄偉) transferred to Hong Kong Jia Yuan 100% equity interest in Changzhou Jinyuan at the consideration of Hong Kong dollar equivalent for the amount of RMB70.5 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (m) an equity transfer agreement dated 1 June 2015 and entered into by Yangzhou Guangyuan, Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which: (i) Yangzhou Guangyuan transferred its equity interest in the amount of RMB63 million in Taizhou Jia Yuan to Nanjing Gangyuan at the consideration of RMB63 million, and (ii) Zhejiang Jia Yuan Group transferred its equity interest in the amount of RMB77 million in Taizhou Jia Yuan to Nanjing Gangyuan at the consideration of RMB77 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (n) an equity transfer agreement dated 1 June 2015 and entered into by Taizhou Jia Yuan, Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which: (i) Taizhou Jia Yuan transferred its equity interest in the amount of RMB27 million in Taizhou Mingyuan to Nanjing Gangyuan at the consideration of RMB27 million, and (ii) Zhejiang Jia Yuan Group transferred its equity interest in the amount of RMB33 million in Taizhou Mingyuan to Nanjing Gangyuan at the consideration of RMB33 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;

- (o) an equity transfer agreement dated 1 June 2015 and entered into between Jia Yuan Chuangsheng, Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Jia Yuan Chuangsheng and Zhejiang Jia Yuan Group transferred 100% equity interest in Yangzhou Mingyuan to Nanjing Gangyuan at the consideration of RMB10 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (p) an equity transfer agreement dated 2 June 2015 and entered into between Haiyan Jia Yuan and Nanjing Gangyuan, pursuant to which Haiyan Jia Yuan transferred to Nanjing Gangyuan 40% equity interest in Siyang Fengyuan at the consideration of RMB20 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (q) an equity transfer agreement dated 2 June 2015 and entered into between Suqian Jia Yuan and Nanjing Gangyuan, pursuant to which Suqian Jia Yuan transferred to Nanjing Gangyuan 60% equity interest in Siyang Fengyuan at the consideration of RMB30 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (r) an equity transfer agreement dated 1 June 2015 and entered into between Taizhou Jia Yuan and Nanjing Gangyuan, pursuant to which Taizhou Jia Yuan transferred to Nanjing Gangyuan 31.5% equity interest in Taixing Guangyuan at the consideration of RMB94.5 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (s) an equity transfer agreement dated 1 June 2015 and entered into between Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Zhejiang Jia Yuan Group transferred 68.5% equity interest in Taixing Guangyuan to Nanjing Gangyuan at the consideration of RMB205.5 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (t) an equity transfer agreement dated 1 June 2015 and entered into between Jiaxing Jindi and Nanjing Gangyuan, pursuant to which Jiaxing Jindi transferred equity interest in the amount of RMB16 million (representing 40% of the registered capital) in Yangzhou Hengyuan to Nanjing Gangyuan at the consideration of RMB16 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (u) an equity transfer agreement dated 1 June 2015 and entered into between Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Zhejiang Jia Yuan Group transferred equity interest in the amount of RMB24 million (representing 60% of the registered capital) in Yangzhou Hengyuan to Nanjing Gangyuan at the consideration of RMB24 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;

- (v) an equity transfer agreement dated 3 June 2015 and entered into between Zhejiang Jia Yuan Group and Nanjing Gangyuan, pursuant to which Zhejiang Jia Yuan Group transferred to Nanjing Gangyuan 56.25% equity interest in Suqian Jia Yuan at the consideration of RMB33.75 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (w) an equity transfer agreement dated 3 June 2015 and entered into between Jiaxing Jindi and Nanjing Gangyuan, pursuant to which Jiaxing Jindi transferred to Nanjing Gangyuan 33.75% equity interest in Suqian Jia Yuan at the consideration of RMB20.25 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (x) an equity transfer agreement dated 1 June 2015 and entered into between Yangzhou Mingyuan and Nanjing Gangyuan, pursuant to which Yangzhou Mingyuan agreed to transfer and Nanjing Gangyuan agreed to acquire equity interest in the amount of RMB3.2 million (representing 12% of the registered capital) in Taixing Hengyuan at the consideration of RMB3.2 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (y) an equity transfer agreement dated 1 June 2015 and entered into between Founder BEA Trust Company Limited\* (方正東亞信託有限責任公司) (“BEA Trust”) and Nanjing Gangyuan, pursuant to which BEA Trust agreed to transfer and Nanjing Gangyuan agreed to acquire equity interest in the amount of RMB18.67 million (representing 70% of the registered capital) in Taixing Hengyuan at the consideration of RMB18.67 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (z) an equity transfer agreement dated 1 June 2015 and entered into between Taixing Guangyuan and Nanjing Gangyuan, pursuant to which Taixing Guangyuan agreed to transfer and Nanjing Gangyuan agreed to acquire equity interest in the amount of RMB4.8 million (representing 18% of the registered capital) in Taixing Hengyuan at the consideration of RMB4.8 million, details of which are set out in the section headed “History, Reorganisation and Group structure — Reorganisation” in this prospectus;
- (aa) the Deed of Non-competition;
- (bb) the Deed of Indemnity; and
- (cc) the Hong Kong Underwriting Agreement.

## 9. Intellectual property rights of our Group

### (a) Trademarks licensed to our Group

As at the Latest Practicable Date, the following trademarks had been licensed to our Group for use:

No.	Trademark	Place of application/ registration	Class	Application number/ registration number	Status	Duration of validity
1.		PRC	36 (Notes 1 and 7)	4380871	Registered	28 June 2008 to 27 June 2018
2.		PRC	37 (Notes 2 and 7)	8443528	Registered	7 October 2011 to 6 October 2021
3.		PRC	36 (Notes 3 and 7)	7539802	Registered	14 November 2010 to 13 November 2020
4.		PRC	37 (Notes 4 and 7)	3783140	Registered	28 March 2006 to 27 March 2016
5.		PRC	36 (Notes 5 and 7)	3783141	Registered	28 March 2006 to 27 March 2016
6.	 佳源中心广场	PRC	36 (Notes 1 and 7)	15677037	Pending Registration	N/A
7.	 香港佳源	Hong Kong	37 (Notes 6 and 7)	302956203	Registered	9 April 2014 to 8 April 2024
8.	 佳源	Hong Kong	37 (Notes 6 and 7)	303389202	Registered	28 April 2015 to 27 April 2025
9.		Hong Kong	37 (Notes 6 and 7)	303383488	Registered	23 April 2015 to 22 April 2025
10.	 香港佳源	Hong Kong	37 (Notes 6 and 7)	303383479	Registered	23 April 2015 to 22 April 2025

*Notes:*

1. The specific services under class 36 in respect of which the trademark was registered are: insurance; leasing of properties; property agency; property intermediary; property valuation; apartment management; leasing of office (property); residential property agency and agency.
2. The specific services under class 37 in respect of which the trademark was registered are: construction information; construction; quarrying; interior decoration; installation and repairment of air conditioners; car maintenance and repairment; furniture maintenance; laundry; elevator installation and repairment.
3. The specific services under class 36 in respect of which the trademark was registered are: property agency; property valuation; apartment leasing; residential property (apartment); farm leasing; sales of commercial and residential property; guarantee; pawnshop; entrustment and financial services.
4. The specific services under class 37 in respect of which the trademark was registered are: construction; interior decoration; installation and repairment of electronic equipments; construction supervision; lease of construction equipment; construction of booths and shops; installation and repairment of heating equipment; demolition of buildings; car maintenance and repairment; elevators installation and repairment.
5. The specific services under class 36 in respect of which the trademark was registered are: leasing of properties; property agency; residential property agency; property intermediary; property valuation; property management; leasing of office (property); capital investment and agency.
6. The specific services under class 37 in respect of which the trademarks were registered or pending registration (as the case may be) are: construction of perpetual buildings; construction activities that do not alter the physical or chemical characteristics of the buildings for purposes of repairment or maintenance; construction of houses, roads, bridges and dams; installation and repairment of communication lines; construction; painting, pipeline installation, heating or roof installation and consultation of construction planning inspections.
7. These registered trademarks or trademark application has been licensed by Jin Jiang Limited and Zhejiang Jia Yuan Group to our Group for use pursuant to the Trademark License Agreement. For details of the Trademark License Agreement, please refer to the section headed “Continuing connected transactions — Fully exempt continuing connected transactions — Trademark License Agreement” in this prospectus.

**(b) Domain Name**

As at the Latest Practicable Date, our Group had the following material registered domain name:

<b>Domain Name</b>	<b>Date of Registration</b>	<b>Date of expiry</b>
www.jiayuanintl.com	18 May 2015	18 May 2016

**10. Connected transactions and related party transactions**

Save as disclosed in the sections headed “Continuing connected transactions” and “Relationship with the Controlling Shareholders” in this prospectus and note 39 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

## 11. Directors

*(a) Disclosure of interests of our Directors*

- (i) Each of Mr. Shum, Ms. Cheuk Hiu Nam and Mr. Huang Fuqing is interested in the Reorganisation and the transactions as contemplated under the material contracts as set out in the paragraph 8 of this Appendix.
- (ii) Save as disclosed in this prospectus, none of our Directors or their associates were engaged in any dealings with our Group during the two years immediately preceding the date of this prospectus.

*(b) Particulars of Directors' service contracts**Non-executive Director*

The non-executive Director has been appointed for an initial term of three years commencing from the Listing Date until terminated by either party giving not less than three months' written notice to the other. The appointment is subject to the provisions of the Articles with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Mr. Shum is entitled to a director's fee of HK\$960,000 per annum. Save for director's fee, non-executive Director is not expected to receive any other remuneration for holding his office as a non-executive Director.

*Executive Directors*

Each of the executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date until terminated by not less than three months' notice in writing served by either party on the other. Each of the executive Directors is entitled to their respective basic salaries set out below.

The current basic annual salaries of the executive Directors payable under their service contracts are as follows:

<b>Name</b>	<b>Approximate annual salary (HK\$)</b>
Ms. Cheuk Hiu Nam	720,000
Mr. Huang Fuqing	660,000
Mr. Wang Jianfeng	600,000

Our Company may, at its sole discretion, pay the executive Directors a bonus of such amount as our Board may determine in respect of each complete financial year of our Company.

*Independent non-executive Directors*

Each of our independent non-executive Directors has been appointed for an initial term of three years commencing from the Listing Date until terminated by either party giving not less than three months' written notice to the other. The appointments are subject to the provisions of the Articles with regard to vacation of office of Directors, removal and retirement by rotation of Directors. Each of our independent non-executive Directors is entitled to a directors' fee of RMB200,000 per annum. 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 aforesaid, none of our 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).

**(c) *Directors remuneration***

- (i) The aggregate emoluments paid and benefits in kind granted by our Group to our Directors in respect of the three years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015 were approximately nil, nil, RMB2,655,000 and RMB1,405,000, respectively.
- (ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by our Directors (including our non-executive Director and our independent non-executive Directors in their respective capacity as Directors) for the year ending 31 December 2016 are expected to be approximately RMB2,861,000.
- (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 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015 (i) as an inducement to join or upon joining the 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 the three years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015.

**(d) *Interests and short positions of Directors in the shares, underlying shares or debentures of our Company and our associated corporations***

Immediately following completion of and the Global Offering and taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options granted or may be granted under the Share Option Scheme, the interests and short positions of the Directors 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) Our Company**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number and class of securities<sup>(1)</sup></b>	<b>Percentage of interest in our Company</b>
Mr. Shum <sup>(2)</sup>	Interest of controlled corporation	1,350,000,000 Shares (L)	75%

*Notes:*

1. The letter “L” denotes our Director’s long position in the shares of our Company.
2. The disclosed interest represents the interest in our Company held by Mingyuan Investment, which is wholly owned by Mr. Shum. Therefore, Mr. Shum is deemed to be interested in Mingyuan Investment’s interest in our Company by virtue of the SFO.

**(ii) Mingyuan Investment**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number and class of securities<sup>(Note)</sup></b>	<b>Percentage of shareholding</b>
Mr. Shum	Beneficial owner	1 share of US\$1.00 each (L)	100%

*Note:* The letter “L” denotes our Director’s long position in the share of Mingyuan Investment.

**12. Interest discloseable under the SFO and substantial shareholders**

So far as our Directors are aware, immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options to be granted under the Share Option Scheme), other than a Director or chief executive of our Company whose interests are disclosed under the paragraph headed “Further information about Directors and Shareholders — 11. Directors” in this Appendix to this prospectus, the following persons will have an interest or a short position in the Shares or the 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 be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Group:

<b>Name of Shareholder</b>	<b>Capacity/nature of interest</b>	<b>Number of Shares or securities held<sup>(1)</sup></b>	<b>Percentage of shareholding</b>
Ms. Wang Xinmei (王新妹) <sup>(2)</sup>	Interest of spouse	1,350,000,000 Shares (L)	75%
Mingyuan Investment <sup>(3)</sup>	Beneficial owner	1,350,000,000 Shares (L)	75%



*Notes:*

- (1) The letter “L” denotes a person’s/an entity’s long position in our Shares.
- (2) Ms. Wang Xinmei (王新妹), the spouse of Mr. Shum, is deemed to be interested in Mr. Shum’s interest in our Company by virtue of the SFO.
- (3) These Shares were held by Mingyuan Investment, which was wholly owned by Mr. Shum.

**13. Disclaimers**

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of the Over-allotment Option, our Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Capitalisation Issue and the Global Offering 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;
- (b) none of our 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 our Shares are listed;
- (c) none of our Directors nor any of the parties 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;
- (d) none of our 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
- (e) 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****14. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of the Sole Shareholder passed on 12 February 2016.

**(a) Purpose**

The Share Option Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions the Eligible Participants (as defined in paragraph (b) below) have had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivating the Eligible Participants to optimise their performance efficiency for the benefit of our Group; and
- (ii) attracting and retaining or otherwise maintaining on-going business relationships with the 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, 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 (f) below to the following persons (the “Eligible Participants”):

- (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 and independent non-executive Directors) of our Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers and agents to our Company or any of its subsidiaries; and
- (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to our Group, the assessment criteria of which are:
  - (aa) contribution to the development and performance of our Group;
  - (bb) quality of work performed for our Group;
  - (cc) initiative and commitment in performing his/her duties; and
  - (dd) length of service or contribution to our Group.

*(c) Acceptance of an offer of options*

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the document constituting acceptance of the options duly signed by the grantee, together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant thereof, is received by our Company on or before the relevant acceptance date. Such payment shall in no circumstances be refundable. 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 is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the document constituting 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.

Subject to paragraphs (l), (m), (n), (o) and (p), an option shall be exercised in whole or in part and, other than where it is exercised to the full extent outstanding, shall be exercised in integral multiples of such number of Shares as shall represent one board lot for dealing in Shares on the Stock Exchange for the time being, by the grantee by giving notice in writing to our Company stating that the option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the full amount of the exercise price for the Shares in respect of which the notice is given.

Within 21 days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate by the auditors to our Company or the approved independent financial adviser as the case may be pursuant to paragraph (r), our Company shall allot and issue the relevant number of Shares to the grantee credited as fully paid and issue to the grantee certificates in respect of the Shares so allotted.

The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of our Company.

*(d) Maximum number of Shares*

The maximum number of Shares in respect of which options may be granted (including Shares in respect of which options, whether exercised or still outstanding, have already been 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 on the Listing Date, being 180,000,000 Shares (the “Scheme Limit”), excluding for this purpose Shares which would have been issuable pursuant to options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). 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 (the “New Scheme Limit”) as at the date of the approval by the Shareholders in general meeting; and/or
- (ii) grant options beyond the Scheme Limit to Eligible Participants specifically identified by the Board.

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 (the “Maximum Limit”). No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the Maximum 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 (r) below whether by way of capitalisation issue, rights issue, consolidation, sub-division of shares or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

***(e) 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, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme or any other scheme of our Company but subsequently cancelled (the “Cancelled Shares”) 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 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 such other requirements under the Listing Rules from time to time; 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 or, alternatively, documents accompanying the offer document which state, among other things:
  - (aa) the Eligible Participant’s name, address and occupation/position;
  - (bb) the offer date on which such option is offered in writing to an Eligible Participants which must be a business day (the “Offer Date”);
  - (cc) the date upon which an offer for an option must be accepted;
  - (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (c);
  - (ee) the number of Shares in respect of which the option is offered;
  - (ff) the subscription price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;

- (gg) the date of the expiry of the Option as may be determined by the Board which shall not be later than the last day of the Option Period in respect of such Option;
- (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in paragraph (c); and
- (ii) such other terms and conditions (including, without limitation, any minimum period for which an option shall be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the Listing Rules.

**(f) *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 Offer Date;
- (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 Offer Date; and
- (iii) the nominal value of a Share.

**(g) *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) shall be subject to the approval by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board proposes to grant options to a substantial shareholder or an independent non-executive Director or their respective associates which will result in the Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) 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 closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange at the date of each grant,

such further grant of options will be subject to the approval of the independent non-executive Directors as referred to in this paragraph, 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 favour, 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 Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the 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.

***(h) 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 offer after inside information has come to its knowledge until the Board has announced the information. In particular, no option shall be granted during the period commencing one month immediately before the earlier of:

- (a) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's annual results, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (b) the deadline for the Company to announce its results for (i) any year or half-year period under the Listing Rules, and (ii) where the Company has elected to publish them, any quarterly or any other interim period,

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), and where the grant of options is to a Director:

- (a) no option 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
- (b) 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.

***(i) Rights are personal to grantee***

An option is personal to the grantee. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour 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 may be registered). Any breach of the foregoing shall entitle our Company to cancel any outstanding options or any part thereof granted to such grantee.

***(j) 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 ten 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 ten years after it has been granted. No option may be granted more than ten years after the date of approval of the Share Option Scheme by the shareholders of our Company (the “Adoption Date”). 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 ten years from the Adoption Date.

***(k) 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.

***(l) Rights on ceasing employment/death***

If the grantee of an option ceases to be an Eligible Participant:

- (i) by any reason other than death, ill-health, injury, disability or termination of his relationship with our Company and/or any of its subsidiaries on one of more of the grounds specified in paragraph (m) below, the Option to the extent not already exercised on the date of such cessation (which date shall be, in relation to a grantee who is an eligible participant by reason of his employment with the Group or any related entity, the last actual working day with the Company or any of its subsidiaries whether salary is paid in lieu of notice or not) shall lapse automatically on the date of cessation; or
- (ii) by reason of death, ill-health, injury or disability (all evidenced to the satisfaction of the Board) and none of the events which would be a ground for termination of his relationship with our Company and/or any of its subsidiaries under paragraph (m) has occurred, the grantee or his personal representative(s) may exercise the option within a period of 12 months (or such longer period as the Board may determine) from the date of cessation of being an Eligible Participant or death to exercise the Options in full (to the extent not already exercised).

***(m) Rights on dismissal***

If the grantee of an option ceases to be an Eligible Participant on the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty, and any other grounds as determined by the Board his option will lapse and not be exercisable after the date of termination of his employment.

***(n) Rights on takeover***

If a general offer 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 Code)) 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 the offer becomes or is declared unconditional.

***(o) Rights on winding-up***

In the event that 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.

***(p) 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 the jurisdiction 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 may by 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, exercise the option to its full extent or to the extent specified in the notice and our Company shall as soon as possible and in any event no later than 12 noon on the Business Day immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise of the option credited as fully paid and register the grantee as holder thereof.

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.

***(q) 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 nominated by the grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu and shall have the same voting, dividend, transfer and other rights (including those arising on liquidation) as attached to the fully-paid Shares in issue on the date of exercise, save that they will not rank for any rights attaching to shares by reference to a record date before the date of allotment.



*(r) 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 capitalisation issue, rights issue, consolidation, subdivision or reduction of share capital of our Company, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding options 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 attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes. The capacity of the auditors of our Company or the approved independent financial adviser, as the case may be, in this paragraph is that of experts and not arbitrators and their certificate shall, in the absence of manifest error, be final and conclusive and binding on our Company and the grantees.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the equity capital of our Company (as interpreted in accordance with the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes) for which any grantee of an option is entitled to subscribe pursuant to the options held by him before such alteration provided that no such alteration shall be made if 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.

*(s) Expiry of option*

An option shall lapse automatically and shall 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 (l), (m), (n) or (o);
- (iii) the date upon which the scheme of arrangement of our Company referred to in paragraph (p) becomes effective;
- (iv) subject to paragraph (o), the date of commencement of the winding-up of our Company;
- (v) the date upon which the grantee ceases to be an Eligible Participant by reason of termination of his relationship with our Company or any of its subsidiaries or the termination of his or her employment or contract on the grounds that he or she has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or has been in breach of contract and any other ground determined by the Board. A resolution of the Board to the effect that the relationship 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 upon which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (i) above or the options are cancelled in accordance with paragraph (u) below.

***(t) 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 the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules; or
- (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 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. The amended terms of the Share Option Scheme must still comply with Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

***(u) Cancellation of Options***

Any cancellation of options granted but not exercised must be approved by the grantees of the relevant options in writing. For the avoidance of doubt, such approval is not required in the event that any option is cancelled pursuant to paragraph (i).

***(v) Termination of the Share Option Scheme***

Our Company may by resolution in general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any option granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Options granted prior to such termination but not yet exercised at the time of termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

***(w) Administration of the Board***

The Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the Share Option Scheme or its interpretation or effect (save as otherwise provided herein) shall be final and binding on all parties.

(x) *Conditions of the Share Option Scheme*

The Share Option Scheme is conditional on:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the Share Option Scheme;
- (ii) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise;
- (iii) the passing of the necessary resolutions by the Shareholders to approve and adopt the rules of the Share Option Scheme and to authorise the Board to grant options under the Share Option Scheme and to allot and issue Shares pursuant to exercise of any options; and
- (iv) the commencement of dealings in the Shares on the Stock Exchange.

If the conditions above are not satisfied within six calendar months from the Adoption Date:

- (i) the Share Option Scheme shall forthwith determine;
- (ii) any option granted or agreed to be granted pursuant to the Share Option Scheme and any offer of such a grant shall be of no effect; and
- (iii) no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Share Option Scheme or any option granted thereunder.

(y) *Disclosure in annual and interim reports*

Our Company will disclose details of the Share Option Scheme in its annual and interim reports in accordance with the Listing Rules in force from time to time.

As at 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, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme, being 180,000,000 Shares in total.

**15. Estate duty, tax and other indemnity**

Our Controlling Shareholders (the “Indemnifiers”) have entered into the Deed of Indemnity with and in favour of our Company (for itself and as trustee for the benefit of each of its present subsidiaries) (being the material contract (bb) referred to in paragraph 8 above) to provide indemnities on a joint and several basis, in respect of, among other matters, any taxation (“Taxation”), including:

- (a) any liability to any form of taxation whenever created or imposed in any part of the world and without prejudice to the generality of the foregoing includes income tax, profits tax,

provisional profits tax, gain tax, interest tax, salaries tax, property tax, estate duty, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, customs and excise duties and generally any tax, duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of any part of the world;

- (b) such an amount or amounts as is referred to in paragraph (a) above; and
- (c) all costs, interests, penalties, charges, fines and expenses incidental or relating to the liability to taxation or the loss, reduction, modification, cancellation or deprivation of relief or of a right to repayment of taxation which is the subject of the indemnity given by the Indemnifiers pursuant to the Deed of Indemnity to the extent that the same is/are payable or suffered by the our Group or any member of our Group;

falling on any member of our Group resulting from or by reference to any income, profits or gains earned, accrued or received (or deemed to be so earned, accrued or received) on or before the Listing Date, whether alone or in conjunction with any other transaction, matter, thing, event, act, omission or circumstance whenever occurring, and whether or not such Taxation is chargeable against or attributable to any other person, firm or company.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any liability on Taxation:

- (a) to the extent that provision or reserve has been made for the relevant Taxation or liability in the audited consolidated accounts of our Group or the audited accounts of the relevant member of our Group for any accounting period up to 31 August 2015;
- (b) to the extent that the relevant Taxation or liability falling on any of the member of our Group in respect of any accounting period commencing on or after 1 September 2015 and ending on the Listing Date, where such 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 on or before the Listing Date; or
  - (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before the date on which the Listing Date or pursuant to any statement of intention made in this prospectus; or
- (c) to the extent that the relevant Taxation or liability arises or is incurred as a result of any change in the laws, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority in Hong Kong, PRC or any part of the world, including but without limitation the Inland Revenue Department, having retrospective effect coming into force after the date hereof or to the extent that such liability arises or is increased by an increase in rates of Taxation, payments, fines, fees or premium as required by the PRC laws and regulations (as the case may be) after the date hereof with retrospective effect (except for the imposition of or an increase in the rate of Hong Kong profits tax or any tax of any part of the world on the profits of companies for the current or any earlier financial period);

- (d) to the extent that the relevant Taxation or liability is discharged by another person who is not a member of our Group and that no member of our Group is required to reimburse such person in respect of the discharge of the liability; or
- (e) to the extent of any provision or reserve made for the relevant Taxation or liability in the audited accounts referred to in paragraph (a) above which is finally established to be an over-provision or an excessive reserve, in which case the liability of the Indemnifiers in respect of such Taxation or liability 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 liability of the Indemnifiers in respect of the relevant Taxation or liability shall not be available in respect of any such liability arising thereafter.

## **16. Sole Sponsor**

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules.

The Sole Sponsor has made an application on our behalf 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 that may be issued upon the exercise of the options granted or to be granted under the Share Option Scheme and upon the exercise of the Over-allotment Option.

## **17. Litigation**

As at 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 our 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 Company.

## **18. Preliminary expenses**

The preliminary expenses of our Company are estimated to be approximately US\$12,000 and are payable by our Company.

## **19. Promoters**

- (a) Our Company has no promoter for the purpose of the Listing Rules.
- (b) Within the two years preceding the date of this prospectus, no amount or benefit has been paid or given to any promoters in connection with the Global Offering or the related transactions described in this prospectus.

## **20. Agency fees or commissions received**

The Underwriters will receive a commission of 2.75% of the aggregate Offer Price in respect of all the Offer Shares, out of which they will pay any sub-underwriting commissions and selling concessions. Our Company has entered into an engagement agreement with the Sole Sponsor, pursuant to which our Company agreed to pay the Sole Sponsor a fee of HK\$7 million to act as a sole sponsor to our Company in the Global Offering.

**21. 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 the Over-allotment Option and 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.

**22. Qualifications of experts**

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

<b>Name</b>	<b>Qualification</b>
CCB International Capital Limited	a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
Jingtian & Gongcheng	Legal advisers to our Company as to PRC law
Conyers Dill & Pearman	Legal advisers to our Company as to Cayman Islands law
Deloitte Touche Tohmatsu	Certified public accountants
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Industry consultant

**23. Consents of experts**

Each of the Sole Sponsor, Jingtian & Gongcheng, Conyers Dill & Pearman, Deloitte Touche Tohmatsu, Jones Lang LaSalle Corporate Appraisal and Advisory Limited (as independent property valuer) and Jones Lang LaSalle Corporate Appraisal and Advisory Limited (as industry consultant) 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.

**24. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**25. Taxation of holders of Shares****(a) Hong Kong**

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The sale, purchase and transfer of Shares are subject to Hong Kong stamp duty, the current rate of which is 0.2% of the consideration or, if higher, the value of the Shares being sold or transferred.

Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

**(b) The Cayman Islands**

Under the present Cayman Islands law, transfers and other dispositions of Shares are exempt from Cayman Islands stamp duty.

**(c) Consultation with professional advisers**

Intending holders of Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in Shares or exercising any rights attaching to them. It is emphasised that none of our Company, Directors or the other parties involved in the Global Offering can accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares or exercising any rights attaching to them.

**26. 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;

**(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) our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since 31 August 2015 (being the date to which the latest audited consolidated financial statements of our Group were made up); and
- (c) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

**27. 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).



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**APPENDIX VII            DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

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**1.    DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, amongst other documents, copies of the **WHITE** and **YELLOW** application forms, the written consents referred to under the section headed “Statutory and general information — Other information — 23. Consents of experts” in Appendix VI to this prospectus, and certified copies of the material contracts referred to in the section headed “Statutory and general information — Further information about the business of our Company — 8. Summary of material contracts” in Appendix VI to this prospectus.

**2.    DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Mayer Brown JSM at 18th Floor, Prince’s Building, 10 Chater Road, Central, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m. up to and including the date which is 14 days from the date of this prospectus:

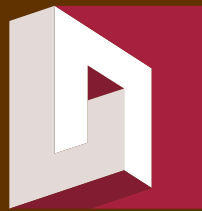
- (a) our Memorandum and the Articles;
- (b) the accountants’ report from Deloitte Touche Tohmatsu in respect of the historical financial information of our Group for each of the three years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015, the text of which is set out in Appendix I to this prospectus;
- (c) the report on the unaudited pro forma financial information of our Group from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this prospectus;
- (d) the letters relating to the profit estimate received from Deloitte Touche Tohmatsu and the Sole Sponsor, the text of which are set out in Appendix III to this prospectus;
- (e) the audited consolidated financial statements of our Group for each of the three years ended 31 December 2012, 2013 and 2014 and the eight months ended 31 August 2015;
- (f) the letter and valuation certificate relating to the property interests of our Group prepared by JLL, the text of which is set out in Appendix IV to this prospectus;
- (g) the Cayman Companies Law;
- (h) the letter of advice prepared by Conyers Dill & Pearman summarising certain aspects of the Cayman Islands company laws referred to in Appendix V to this prospectus;
- (j) the legal opinions prepared by Jingtian & Gongcheng in respect of certain aspects of our Group and summary of PRC laws and regulations relating to our business;
- (j) the JLL report;

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**APPENDIX VII            DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES  
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- (k) the material contracts referred to in the section headed “Statutory and general information — Further information about the business of our Company — 8. Summary of material contracts” in Appendix VI to this prospectus;
- (l) the written consents referred to in the section headed “Statutory and general information — Other information — 23. Consents of experts” in Appendix VI to this prospectus;
- (m) the Share Option Scheme; and
- (n) the service contracts referred to in the section headed “Statutory and general information — Further information about Directors and Shareholders — 11. Directors” in Appendix VI to this prospectus.



**Jiayuan International Group Limited**  
**佳源國際控股有限公司**