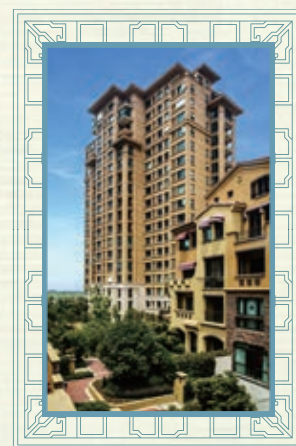




景瑞控股有限公司\*  
JINGRUI HOLDINGS LIMITED  
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01862

# GLOBAL OFFERING



*Joint Global Coordinators, Joint Sponsors, Joint Bookrunners and Joint Lead Managers  
(in alphabetical order)*

Deutsche Bank Group 

 UBS

*Joint Bookrunners and Joint Lead Managers*

 海通國際  
HAITONG

 交銀國際  
BOCOM International

\* For identification purpose only

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## IMPORTANT

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



### JINGRUI HOLDINGS LIMITED

景瑞控股有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

### GLOBAL OFFERING

<b>Number of Offer Shares under the Global Offering</b>	<b>: 313,430,000 Shares (subject to the Over-allotment Option)</b>
<b>Number of Hong Kong Offer Shares</b>	<b>: 31,344,000 Shares (subject to adjustment)</b>
<b>Number of International Offer Shares</b>	<b>: 282,086,000 Shares (subject to adjustment and the Over-allotment Option)</b>
<b>Maximum Offer Price</b>	<b>: HK\$5.48 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)</b>
<b>Nominal value</b>	<b>: US\$0.01 per Share</b>
<b>Stock code</b>	<b>: 01862</b>

*Joint Global Coordinators, Joint Sponsors, Joint Bookrunners and Joint Lead Managers  
(in alphabetical order)*



*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 "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VII, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies 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 for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Joint Global Coordinators (on behalf of the Underwriters) and our Company on or about Thursday, October 24, 2013 and, in any event, not later than Tuesday, October 29, 2013. The Offer Price will be not more than HK\$5.48 per Offer Share and is currently expected to be not less than HK\$4.20 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK\$5.48 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK\$5.48 per Offer Share.

The Joint Global Coordinators (on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering 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, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares". If, for any reason, the Offer Price is not agreed between our Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before Tuesday, October 29, 2013 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Please also see the section "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

\* For identification purpose only

October 21, 2013

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

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Latest time for completing electronic applications under <b>White Form eIPO</b> service through the designated website <a href="http://www.eipo.com.hk">www.eipo.com.hk</a> <sup>(2)</sup> . . . . .	11:30 a.m. on October 24, 2013
Application lists open <sup>(3)</sup> . . . . .	11:45 a.m. on October 24, 2013
Latest time for lodging <b>WHITE</b> and <b>YELLOW</b> Application Forms . . . . .	12:00 noon on October 24, 2013
Latest time for completing payment of <b>White Form eIPO</b> applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . .	12:00 noon on October 24, 2013
Latest time for giving <b>electronic application instructions</b> to HKSCC <sup>(4)</sup> . . . . .	12:00 noon on October 24, 2013
Application lists close <sup>(3)</sup> . . . . .	12:00 noon on October 24, 2013
Expected Price Determination Date <sup>(5)</sup> . . . . .	October 24, 2013
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before . . . . .	October 30, 2013
(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section "How to Apply for the Hong Kong Offer Shares — Publication of Results" . . . . .	October 30, 2013
(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at <a href="http://www.hkexnews.hk">www.hkexnews.hk</a> <sup>(6)</sup> and our Company's website at <a href="http://www.jingruis.com">www.jingruis.com</a> <sup>(6)</sup> from . . . . .	October 30, 2013
Results of allocations in the Hong Kong Public Offering will be available at <a href="http://www.iporeresults.com.hk">www.iporeresults.com.hk</a> with a "search by ID" function from . . . . .	October 30, 2013
Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before <sup>(7)(8)(9)</sup> . . . . .	October 30, 2013

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

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Despatch of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before<sup>(9)(10)</sup> . . . . .October 30, 2013

Dealings in the Shares on the Stock Exchange expected to commence on . . . . .October 31, 2013

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*Notes:*

- (1) All times refer to Hong Kong local time, except as otherwise stated.
- (2) You will not be permitted to submit your application through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on October 24, 2013, the application lists will not open or close on that day. See the section “How to Apply for the Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists”. If the application lists do not open and close on October 24, 2013, 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 this section, an announcement will be made in such event.
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section “How to Apply for the Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS”.
- (5) The Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be on or about October 24, 2013 and, in any event, not later than October 29, 2013. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters) and us (on behalf of ourselves) by October 29, 2013, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.
- (6) None of the website or any of the information contained on the website forms part of this prospectus.
- (7) Share certificates for the Offer Shares will become valid certificates of title at 8:00 a.m. on October 31, 2013 provided that (i) the Global Offering has become unconditional in all respects and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms.
- (8) e-Refund payment instructions/refund cheques 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 in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong Identity Card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong Identity Card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund 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.
- (9) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering and have provided all required information may collect refund cheques (where applicable) and/or Share certificates (where applicable) in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre 183 Queen’s Road East, Wanchai, Hong Kong between 9:00 a.m. to 1:00 p.m. on October 30, 2013. Applicants being individuals who opt for personal collection may not authorize any other person to make collection on their behalf. Applicants being corporations who opt for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation’s chop. Both individuals and authorized representatives of corporations must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

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

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Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares under the Hong Kong Public Offering may collect their refund cheques, if any, in person but may not elect to collect their share certificates as such share certificates will be deposited into CCASS for the credit of their designated CCASS participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section "How to Apply for the Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies – (iv) If you apply Via Electronic Application Instructions to HKSCC" for details. Uncollected share certificates and refund cheques will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections "How to Apply for the Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" and "How to Apply for the Hong Kong Offer Shares – 13. Refund of Application Monies".

**The above expected timetable is a summary only. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 24, 2013, the application lists will not open and close on that day. Please refer to the section "How to Apply for the Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists". You should refer to the sections "Structure of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.**

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## **IMPORTANT NOTICE**

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### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

### **INFORMATION ABOUT THIS PROSPECTUS**

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, any of the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as at any date subsequent to the date of this prospectus.

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

### **RESTRICTIONS ON OFFERS AND SALES OF SHARES**

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

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than in Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering 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 and pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

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## **IMPORTANT NOTICE**

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### **APPLICATION FOR LISTING OF THE SHARES 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), the Capitalization Issue and the Shares to be issued pursuant to the Pre-IPO Share Award Scheme.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of, or dealing in, the Shares or exercising any rights attaching to the Shares. We emphasize that none of our Company, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Joint Sponsors, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities resulting from your subscription, purchase, holding or disposing of, or dealing in, the Shares or your exercise of any rights attaching to the Shares.

### **OTHER**

Unless otherwise specified, amounts denominated in RMB and Hong Kong dollars have been translated, for the purpose of illustration only, into U.S. dollars in this prospectus at the following exchange rates of US\$1.00: RMB6.1374 and US\$1.00: HK\$7.7560, the noon buying rate in New York for cable transfers of Renminbi and Hong Kong dollars for U.S. dollars on June 28, 2013, respectively, as set forth in the H.10 weekly statistical release of the Federal Reserve Board. No representation is made that any amounts in RMB were or could have been or could be converted into U.S. dollars at such rates or any other exchange rates on such date or any other date.

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.

Unless otherwise specified, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

The English names of companies incorporated in the PRC are translations of their Chinese names and are included for identification purposes only.

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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 it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in the section “Risk Factors”. You should read that section carefully before you decide to invest in the Offer Shares.*

### OUR BUSINESS

#### Overview

We are one of the leading regional property developers in the Yangtze River Delta region. According to China Index Academy, we were ranked as one of the top 10 developers in the Yangtze River Delta region in 2012 and 2013 that derived at least 50% of their revenues from the region<sup>(a)</sup>. Headquartered in Shanghai, we have established operations in 13 cities across China, of which 11 such cities are amongst the 16 core cities in the Yangtze River Delta region identified in “The Regional Plan for the Yangtze River Delta Region” by the State Council in May 2010. According to this Regional Plan, these 16 core cities, led by Shanghai, represent leading economic cities and over 80% of the nominal GDP in the Yangtze River Delta region, and are expected to further develop as a world-class city cluster. According to China Index Academy, the total nominal GDP contributed by these 16 cities accounted for approximately 17.3% of total national nominal GDP in 2012. In addition, we have successfully expanded our footprints to Tianjin, the center of Bohai Economic Rim, and Chongqing, a major economic center in Southwest China, two fastest growing centrally direct-controlled municipalities in the PRC, and are actively seeking additional opportunities in other cities. We were ranked as No. 49, No. 53 and No. 48 of the top 100 real estate companies in China in 2011, 2012 and 2013, respectively, according to Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院).

During the Track Record Period and up to August 31, 2013, we had completed property projects or project phases located in 9 cities, with an aggregate GFA of approximately 3.3 million sq.m. As at August 31, 2013, we had property projects or project phases located in 11 cities under development, with an aggregate GFA of approximately 1.8 million sq.m. We also held an aggregate GFA of approximately 2.5 million sq.m. in 10 cities for future development. As at August 31, 2013, we had a land bank with an aggregate GFA of approximately 4.6 million sq.m. In addition, in September 2013, we obtained a confirmation letter from the Bureau of Land Resources of Suzhou in connection with the acquisition of certain land parcels located in Suzhou, Jiangsu Province, which occupy an aggregate site area of 108,657 sq.m. with a total planned GFA of approximately 248,764 sq.m. We have not entered into the relevant land grant contract and have not obtained the relevant land use rights for such land parcels as of the Latest Practicable Date. As such, taking into account such land parcels, the total GFA of our land bank will increase to approximately 4.8 million sq.m. We believe we have accumulated a solid and high quality land bank, which, together with new land acquisition opportunities we may identify on a rolling basis, will continue to support our sustainable growth in the long run.

We currently offer two main standardized series of residential properties, namely Royal Bay (御藍灣) and Dignity Mansion (望府). Except for one property project in Shanghai, namely Shanghai Jingrui Life Square, which is a commercial complex of which a portion is held for investment purpose, all of our property projects developed during the Track Record Period are residential properties for sale. As at August 31, 2013, approximately 25,442 sq.m. of Shanghai Jingrui Life Square were held by us for investment purpose. According to the property valuation report prepared by DTZ, the market value of such property amounted to RMB313.0 million as at the valuation date set forth in the property valuation report. For

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(a) China Index Academy’s ranking of the top 10 developers with primary focus in the Yangtze River Delta region is determined by applying factor analysis methodology taking into account seven major indicators and more than 30 supplemental indicators, including a company’s scale (such as total assets and total GFA sold), profitability (such as net profit and return on total assets), growth (such as growth rate of GFA sold and growth rate of revenue from the sale of properties), operating stability (such as advanced proceeds received from customers and current ratio), financing capability (such as cash flow from financing activities and ability to increase banking facilities), operating efficiency (such as asset turnover ratio) and social responsibilities (such as taxes paid).

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## SUMMARY

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details as to the valuation of such property, including major assumptions for the valuation, please refer to pages III-49 and III-50 of the “Property Valuation Report” in Appendix III to this prospectus. For risks associated with assumptions made in the valuation of our properties, please see “Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from their actual realizable value and are subject to change.” We determine whether our properties will be sold or retained for investment purposes in the early stages of development, by taking into consideration various factors such as location, land use plans, regional market conditions, supporting commercial facilities and our commercial interests.

### *Our Business Model*

We have established a rapid-asset-turnover model focusing on achieving higher growth rates and investment returns while maintaining healthy margin for each of our projects. Our rapid-asset-turnover model is implemented through the systematic management approach to our business, which includes:

- formulating and practicing over 200 standardized procedures divided into 17 business functions covering our entire operation;
- centralized many critical aspects of our project development processes at our headquarters level, which we believe enables our local project companies to focus on their key business functions;
- built an extensive collection of standardized product portfolio that are constantly refined and updated pursuant to customer feedback and need; and
- established strategic relationships with over 70 contractors and suppliers, enable us to better control development costs, improve operating efficiency and enhance standardized product implementation.

We believe the application of our rapid-asset turnover model to our property development enhances the investment return and efficiency of our development processes. Our rapid-asset turnover model enhances return as it seeks to drive our projects from land acquisition, planning and construction to sales and delivery in a shortened period of time through the control under the centralized multi-function headquarters that allocate and synergize various resources, which enables us to better monitor and control our development cost for each single project. Our rapid-asset turnover model calls for identifying and acquiring land sites that complement our standardized product portfolio, which reduces time spent and cost associated with repeated planning and design for projects in the same product series. Well established standardized product portfolio also mitigate mistakes or defects during each separate project design and construction process, thus, reducing the development time and relevant cost. Our rapid-asset turnover model also aims to reduce our project development cycle, which represents the period from the time we received the construction work commencement permits to the time when we obtained the completion certificate, which ranged from nine to 35 months for most of our project phases completed during the Track Record Period, depending on the site area and the planned GFA completed and ranged from approximately 39,000 sq.m. to 173,000 sq.m. for these project phases. For examples, by selecting and establishing strategic relationships with qualified general contractors, we are able to simplify and shorten the tender process for contractors and to obtain favorable contractual terms with such contractors along with the scale-up of our operation. As we further strengthen the application of our rapid-asset turnover model, we aim to further reduce such development time frame in order to reduce financing costs and administrative expenses, which we believe will in turn lead to further increased return on investment performance for each of our project. Furthermore, such reduced development cycle, as assisted by the various standardized operating procedures and products that are the result of the application of our rapid-asset turnover model, will also serve to enhance the efficiency of our development process. Finally, we believe our rapid-asset turnover model has enabled us to deliver high-quality property projects that can also be easily replicated from project to project and from city to city, providing us with the capability to efficiently expand our operations.

## SUMMARY

By leveraging our rapid-asset turnover model, we have during the Track Record Period enhanced our asset turnover ratio<sup>(a)</sup> from 0.27 in 2010 to 0.34 in 2011 and further to 0.37 in 2012. Our rapid-asset turnover model has also led to us being named as one of the top 10 real estate developers in China in 2012 and 2013 in terms of operating efficiencies, ranking No. 8 and No. 10, respectively, by Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院). According to China Index Academy, the average asset turnover ratio<sup>(a)</sup> of 16 selected major property development companies in the PRC, based on the information disclosed by such companies to the public, was 0.25 in 2012. China Index Academy selected such companies due to the facts that (i) these 16 companies are public companies, 15 of which are listed on the Stock Exchange, (ii) the sources of the information were directly from such companies, and (iii) these 16 companies are representative of and generally cover most operation scales and business models in the property development industry in the PRC.

We are a customer driven residential property developer that focuses on developing properties catering to the demand of our target customers. Our products are designed to meet the need of first-time home purchasers and those customers who are purchasing to upgrade their existing living conditions, customers that currently constitute the dominant portion of all property purchasers in the PRC. As a result, our products are positioned in accordance with current market trends and government policies.

We also engage in property management services through our subsidiary, Shanghai Jingrui Property Management, which provides services for all of our own development projects. Our property management services enhance the value of our projects and facilitate to further establish our reputation and brand image while improving customer loyalty and satisfaction. Pursuant to the annual customer satisfaction survey in 2012 conducted by Gallup Consulting, our overall satisfaction in 2012 was at the top end in the industry pursuant to Gallup Consulting's industry database.

### *Our Projects*

The following table sets forth a summary of all our property projects and project phases developed, including projects and project phases held for future development, within the Track Record Period and up to August 31, 2013. See "Business — Our Property Projects — Project Developed During and After the Track Record Period" for more details. Except for Shanghai Jingrui Life Square (上海景瑞·生活廣場), which is a commercial complex of which a portion is currently held for investment purpose by us, the remaining projects are primarily residential property developments for sale.

Project	Site Area in sq.m.	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Completed		Under Development			Future Development	
				GFA Completed <sup>(1)</sup>	Saleable GFA Unsold <sup>(2)</sup>	GFA Under Development	Saleable GFA	Pre-Sold GFA	Planned GFA	Land Use Rights Not Yet Obtained <sup>(3)</sup>
				in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.
<b>Shanghai</b>										
Shanghai Jingrui										
Fair Town										
(上海景瑞·嘉城) .....	447,270			785,867	1,450	17,338	14,688	-	-	-
Phase 1 .....	180,093	January 2004	July 2009	353,236	-	-	-	-	-	-
Phase 2 .....	133,850	October 2004	November 2009	242,052	-	-	-	-	-	-
Phase 3 .....	61,246	March 2007	November 2010	106,087	-	-	-	-	-	-
Phase 4 .....	63,636	December 2009	June 2011	84,492	1,450	-	-	-	-	-
Phase 5 .....	8,445	January 2013	December 2014	-	-	17,338	14,688	-	-	-
Shanghai Jingrui Softshore City										
(上海景瑞·嶺域) .....	82,529			133,587	5,976	-	-	-	-	-

(a) The asset turnover ratio is calculated by dividing revenue during the relevant period by the average of total assets as at the beginning and the end of the period, except for the asset turnover ratio of the Group in 2010 which is calculated by dividing the revenue of the Group in 2010 by the total assets of the Group in 2010 as the consolidated financial information of the Group in 2009 is not included in this prospectus.

# SUMMARY

Project	Site Area	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Completed		Under Development			Future Development	
				GFA Completed <sup>(1)</sup>	Saleable GFA Unsold <sup>(2)</sup>	GFA Under Development	Saleable GFA	Pre-Sold GFA	Planned GFA	Land Use Rights Not Yet Obtained <sup>(3)</sup>
				in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.
Phase 1 .....	N.A. <sup>(4)</sup>	October 2008	November 2009	31,839	–	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	October 2008	November 2010	61,323	4,403	–	–	–	–	–
Phase 3 .....	N.A. <sup>(4)</sup>	October 2008	June 2011	40,425	1,573	–	–	–	–	–
<b>Shanghai Jingrui Life Square</b>										
(上海景瑞·生活廣場) .....	54,249	December 2005	August 2008	86,856	25,442	–	–	–	–	–
<b>Shanghai Fengxiang Project</b>										
(上海鳳翔項目) .....	79,944 <sup>(5)</sup>			76,066	37,023	–	–	–	183,638	183,638
Phase 1 .....	N.A. <sup>(4)</sup>	August 2004	May 2005	32,121	16,239	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	September 2005	January 2008	43,945	20,784	–	–	–	–	–
Phase 3 .....	N.A. <sup>(4)</sup>	January 2014	December 2015	–	–	–	–	–	183,638	183,638
<b>Shanghai</b>										
<b>sub-total</b> .....	663,992			1,082,376	69,891	17,338	14,688	–	183,638	183,638
<b>Jiangsu Province</b>										
<b>Suzhou Jingrui</b>										
<b>Royal Bay (蘇州景瑞·榮御藍灣)</b>										
.....	229,590			353,086	15,363	119,012	116,095	74,840	–	–
Phase 1 .....	N.A. <sup>(4)</sup>	March 2009	September 2010	90,305	13,105	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	June 2009	December 2011	112,079	–	–	–	–	–	–
Phase 3 .....	N.A. <sup>(4)</sup>	November 2010	December 2014	114,875	2,258	20,608	19,230	5,999	–	–
Phase 4 .....	N.A. <sup>(4)</sup>	July 2011	October 2015	35,827	–	98,404	96,865	68,841	–	–
<b>Suzhou Jingrui</b>										
<b>Jade Bay</b>										
(蘇州景瑞·翡翠灣) .....	268,767			95,041	2,496	168,129	135,987	37,415	245,088	–
Phase 1 .....	N.A. <sup>(4)</sup>	June 2010	May 2013	54,176	379	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	December 2010	December 2014	40,865	2,117	68,690	61,048	9,548	–	–
Phase 3 .....	N.A. <sup>(4)</sup>	June 2012	December 2014	–	–	99,439	74,939	27,867	–	–
Phase 4 .....	N.A. <sup>(4)</sup>	January 2014	December 2016	–	–	–	–	–	245,088	–
<b>Changzhou Jingrui Dawn City</b>										
(常州景瑞·曦城) .....	93,720	May 2007	December 2011	254,494	15,413	–	–	–	–	–
<b>Changzhou Jingrui England</b>										
County (常州景瑞·英郡) .....	87,440			40,792	–	230,254	210,306	175,087	–	–
Phase 1 .....	N.A. <sup>(4)</sup>	March 2010	December 2010	40,792	–	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	March 2011	December 2013	–	–	143,558	130,685	101,355	–	–
Phase 3 .....	N.A. <sup>(4)</sup>	September 2012	December 2014	–	–	86,696	79,621	73,732	–	–
<b>Changzhou Jingrui Dignity</b>										
<b>Mansion</b>										
(常州景瑞·望府) .....	93,045			–	–	151,080	145,877	27,951	120,562	–
Phase 1 .....	N.A. <sup>(4)</sup>	July 2012	December 2014	–	–	71,458	67,670	27,951	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	June 2013	December 2015	–	–	79,622	78,207	–	7,296	–
Phase 3 .....	N.A. <sup>(4)</sup>	March 2014	April 2018	–	–	–	–	–	113,266	–
<b>Nantong Jingrui Dignity Mansion</b>										
(南通景瑞·望府) .....	191,220			172,633	41,909	221,195	204,640	39,557	29,336	–
Phase 1 .....	N.A. <sup>(4)</sup>	December 2010	December 2012	172,633	41,909	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	November 2012	December 2015	–	–	85,682	75,290	39,557	–	–
Phase 3 .....	N.A. <sup>(4)</sup>	April 2013	June 2015	–	–	135,513	129,350	–	–	–
Phase 4 .....	N.A. <sup>(4)</sup>	February 2015	December 2016	–	–	–	–	–	29,336	–
<b>Nantong Jingrui Nobility</b>										
<b>Mansion</b>										
(南通景瑞·御江山) .....	67,749	October 2013	April 2015	–	–	–	–	–	178,549	178,549
<b>Yangzhou Jingrui Dignity</b>										
Mansion (揚州景瑞·望府) .....	73,295	September 2013	June 2015	–	–	–	–	–	212,767	–
<b>Taizhou Jingrui Royal Bay</b>										
(泰州景瑞·榮御藍灣) .....	163,993			143,673	8,448	195,007	168,957	65,086	–	–

# SUMMARY

Project	Site Area	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Completed		Under Development			Future Development	
				GFA	Saleable	GFA Under	Saleable	Pre-Sold	Planned	Land Use
				Completed <sup>(1)</sup>	Unsold <sup>(2)</sup>	Development	GFA	GFA	GFA	Rights Not Yet Obtained <sup>(3)</sup>
				in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.	in sq.m.
Phase 1 .....	N.A. <sup>(4)</sup>	July 2010	September 2012	97,124	2,203	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	March 2011	December 2013	46,549	6,245	74,149	58,328	40,761	–	–
Phase 3 .....	N.A. <sup>(4)</sup>	March 2013	August 2015	–	–	120,858	110,629	24,325	–	–
<b>Jiangsu Province</b>										
sub-total .....	1,268,819			1,059,719	83,629	1,084,676	981,862	419,936	786,302	178,549
<b>Zhejiang Province</b>										
<b>Hangzhou Jingrui Royal Bay</b>										
(杭州景瑞·御藍灣) .....	68,342			–	–	–	–	–	205,972	–
Phase 1 .....	N.A. <sup>(4)</sup>	September 2013	December 2015	–	–	–	–	–	156,968	–
Phase 2 .....	N.A. <sup>(4)</sup>	November 2013	December 2015	–	–	–	–	–	49,004	–
<b>Hangzhou Liangshu Project</b>										
(杭州良熟項目) .....	77,030	January 2014	December 2015	–	–	–	–	–	191,224	191,224
<b>Ningbo Jingrui Dignity Mansion</b>										
(寧波景瑞·望府) .....	69,693			–	–	162,782	141,711	–	–	–
Phase 1 .....	N.A. <sup>(4)</sup>	July 2013	December 2014	–	–	37,273	26,252	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	August 2013	December 2015	–	–	125,509	115,459	–	–	–
<b>Shaoxing Jingrui The Mansion</b>										
(紹興景瑞·上府) .....	110,492			–	–	97,898	93,557	38,759	66,896	–
Phase 1 .....	N.A. <sup>(4)</sup>	July 2013	December 2014	–	–	97,898	93,557	38,759	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	February 2014	December 2015	–	–	–	–	–	66,896	–
<b>Shaoxing Jingrui Dignity Mansion</b>										
(紹興景瑞·望府) .....	431,070			–	–	188,648	188,648	130,902	260,463	–
Phase 1 .....	85,733	August 2012	December 2013	–	–	73,273	73,273	69,870	–	–
Phase 2 .....	103,959	November 2012	December 2014	–	–	115,375	115,375	61,032	–	–
Phase 3 .....	112,100	September 2013	December 2014	–	–	–	–	–	100,954	–
Phase 4 .....	92,567	May 2014	December 2015	–	–	–	–	–	96,509	–
Phase 5 .....	36,711	July 2014	December 2015	–	–	–	–	–	63,000	–
<b>Shaoxing Jingrui Nobility Mansion</b>										
(紹興景瑞·御江山) .....	73,992	October 2013	December 2016	–	–	–	–	–	202,323	202,323
<b>Huzhou Jingrui Cin Cinnatti</b>										
(湖州景瑞·西西那堤) .....	97,237			120,923	2,407	–	–	–	–	–
Phase 1 .....	N.A. <sup>(4)</sup>	January 2008	September 2009	46,382	1,030	–	–	–	–	–
Phase 2 .....	N.A. <sup>(4)</sup>	March 2010	June 2012	74,541	1,377	–	–	–	–	–
<b>Huzhou Jingrui Dignity Mansion</b>										
(湖州景瑞·望府) .....	86,077	January 2012	October 2014	–	–	53,046	50,797	12,006	–	–
<b>Zhoushan Jingrui HOPSCA</b>										
(舟山景瑞·豪布斯卡) .....	93,148			98,667	6,650	–	–	–	63,659	–
Phase 1 .....	45,942	April 2007	November 2008	81,564	6,650	–	–	–	–	–
Phase 2 .....	13,021	September 2009	September 2011	17,103	–	–	–	–	–	–
Phase 3 .....	34,185	June 2014	May 2016	–	–	–	–	–	63,659	–
<b>Zhoushan Jingrui Peninsula Bay</b>										
(舟山景瑞·半島灣) .....	26,076	June 2011	August 2014	–	–	99,570	91,000	39,440	–	–
<b>Zhejiang Province</b>										
sub-total .....	1,133,157			219,590	9,057	601,944	565,713	221,107	990,537	393,548

# SUMMARY

Project	Site Area in sq.m.	Actual/ Estimated Construction Commencement Date	Actual/ Estimated Construction Completion Date	Completed		Under Development			Future Development	
				GFA Completed <sup>(1)</sup> in sq.m.	Saleable GFA Unsold <sup>(2)</sup> in sq.m.	GFA Under Development in sq.m.	Saleable GFA in sq.m.	Pre-Sold GFA in sq.m.	Planned GFA in sq.m.	Land Use Rights Not Yet Obtained <sup>(3)</sup> in sq.m.
<b>Tianjin</b>										
Tianjin Jingrui Sunny Town										
(天津景瑞 • 陽光尚城) .....	141,622			209,472	14,527	52,098	49,930	10,751	-	-
Phase 1 .....	N.A. <sup>(4)</sup>	April 2008	November 2010	76,770	1,953	-	-	-	-	-
Phase 2 .....	N.A. <sup>(4)</sup>	February 2010	October 2011	38,965	660	-	-	-	-	-
Phase 3 .....	N.A. <sup>(4)</sup>	December 2010	August 2013	93,737	11,914	-	-	-	-	-
Phase 4 .....	N.A. <sup>(4)</sup>	May 2013	April 2015	-	-	52,098	49,930	10,751	-	-
Tianjin Jingrui England County										
(天津景瑞 • 英郡) .....	255,530			98,603	67,066	-	-	-	440,800	-
Phase 1 .....	N.A. <sup>(4)</sup>	October 2009	August 2012	98,603	67,066	-	-	-	-	-
Phase 2 .....	N.A. <sup>(4)</sup>	October 2013	October 2015	-	-	-	-	-	84,700	-
Phase 3 .....	N.A. <sup>(4)</sup>	March 2015	October 2017	-	-	-	-	-	173,800	-
Phase 4 .....	N.A. <sup>(4)</sup>	November 2015	October 2018	-	-	-	-	-	182,300	-
<b>Tianjin</b>										
<b>sub-total</b> .....	397,152			308,075	81,593	52,098	49,930	10,751	440,800	-
<b>Chongqing</b>										
Chongqing Jingrui Blue Vally										
(重慶景瑞 • 藍溪谷地) .....	187,637			611,877	4,161	-	-	-	-	-
Phase 1 .....	N.A. <sup>(4)</sup>	March 2006	April 2008	196,224	-	-	-	-	-	-
Phase 2 .....	N.A. <sup>(4)</sup>	May 2007	September 2009	215,050	-	-	-	-	-	-
Phase 3 .....	N.A. <sup>(4)</sup>	July 2007	June 2013	200,603	4,161	-	-	-	-	-
Chongqing Jingrui Royal Bay										
(重慶景瑞 • 御藍灣) .....	65,467	August 2013	December 2014	-	-	76,336	74,998	-	81,485	-
<b>Chongqing</b>										
<b>sub-total</b> .....	253,104			611,877	4,161	76,336	74,998	-	81,485	-
<b>Total</b> .....	3,716,223			3,281,638	248,331	1,832,393	1,687,190	651,794	2,482,762	755,734

## Notes:

- (1) Includes completed GFA sold/pre-sold and unsaleable GFA. Unsaleable GFA refers to certain communal facilities and ancillary areas, certain underground GFA, certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.
- (2) Equals to total completed GFA minus completed GFA sold/pre-sold and unsaleable GFA. All saleable GFA unsold are held by our Group for sale, except for the 25,442 sq.m. of GFA that were retained unsold at Shanghai Jingrui Life Square (上海景瑞 • 生活廣場), which are held for investment purposes.
- (3) Indicates land parcels for which we have entered into land grant contract but have not obtained land use rights certificate.
- (4) Relevant land use rights certificates were granted to the entire land parcel and breakdowns of site area for each phase were not available.
- (5) Represents two land parcels acquired by us through the acquisition of an 80% equity interest in Shanghai Fengxiang from an independent third party. Among such land parcels in respect of which land grant contracts have been signed, the land use rights with respect to 38,292 sq.m. was obtained and the land use rights for the remaining 41,652 sq.m. are to be obtained after the resettlements are completed. The updated business license of Shanghai Fengxiang was issued in August 2013. The acquisition was substantially completed in September 2013 and Shanghai Fengxiang will be included in our consolidated financial statements upon the completion of the acquisition. For more details, see "Business — Our Property Development Projects — Shanghai — Shanghai Fengxiang Project."

In addition to the projects described above, in September 2013, we obtained a confirmation letter in connection with the acquisition of certain land parcels located in Suzhou, Jiangsu Province with an aggregate site area of 108,657 sq.m., for which we have not obtained the relevant land use rights. We currently expect the planned aggregate GFA for this project will be approximately 248,764 sq.m. For more details, see "Business — Our Property Development Projects — New Project Development."

## TRUST FINANCING ARRANGEMENTS

We have historically funded our growth principally from proceeds from pre-sales and sales of our properties, bank and other borrowings and trust financings. Our financing methods vary from project to project and are subject to limitations imposed by the PRC regulations and monetary policies.

We enter into trust financing arrangements in the ordinary course of business. As of December 31, 2010, 2011 and 2012 and June 30, 2013 we had total borrowings of RMB2,978.3 million, RMB3,966.0 million, RMB3,982.2 million and RMB4,664.8 million, respectively, of which RMB610.0

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## SUMMARY

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million, RMB748.7 million, RMB1,144.8 million and RMB2,234.7 million were borrowings through trust financing arrangements, respectively. The provision of trust loans by trust financing providers for property development projects is regulated by circulars and notices promulgated by the CBRC from time to time. Trust financing loans typically bear a higher interest rate than commercial bank loans, in part because commercial banks usually require more guarantees and/or pledges from borrowers as compared to trust financing companies. In addition, commercial banks are generally subject to more stringent administrative regulations and policies and therefore may only provide financings to a limited number of qualified borrowers, which enables trust financing companies to competitively price their services and provide financings to a broader range of potential borrowers. Despite of the higher interest rates, we chose to obtain trust financing loans as an alternative source of funding for some of our projects during the Track Record Period to leverage on, among other things, their flexible terms and structures, as well as more favorable timing of funding and repayment requirements as compared to those offered by commercial bank loans, particularly during the tightened banking credit environment. For more details about the differences between trust financing loans and commercial bank loans, please refer to “Business — Financing Arrangements — Benefits and Costs of Trust Financing Arrangements Compared with Commercial Bank Loans.”

Our secured trust financing arrangements are broadly categorized into two types: (i) type 1 trust financing arrangements: trust loans in which the equity interest in, or the land use rights held by, the borrowing company or its related parties, are pledged to the trust financing company (as trustee of the respective trust fund) as security for the loans, or (ii) type 2 trust financing arrangements: trust loans in which the minority equity interests in the borrowing company are acquired by the trust financing company (as trustee of the respective trust fund) through equity transfer, with the remaining equity interest held by us in the relevant project subsidiary and we undertake to repurchase the minority equity interests at a pre-determined repurchase consideration at the expiry of the term of the respective trust financing arrangements.

We entered into 18 trust financing arrangements during the Track Record Period and up to the Latest Practicable Date, among which eight were type 1 trust financing arrangements and ten were type 2 trust financing arrangements. As at the Latest Practicable Date, five trust financings were repaid and discharged and six of type 1 and seven of type 2 trust financing arrangements were outstanding. See “Business — Financing Arrangements — Trust Financing Arrangements” for more details relating to our trust financing arrangements. For additional information as to the relevant laws and regulations applicable to trust financing arrangements, see “Summary of Principal PRC Legal and Regulatory Provisions — Real Estate Loans — Trust Financing” in Appendix IV of this prospectus.

### **REAL ESTATE-RELATED AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT**

The PRC property market is heavily regulated and subject to frequent introduction of new regulations by the central and local governments, which may materially affect real estate developers. The PRC government has introduced a number of real estate-related austerity measures since 2010, including:

- **Fund for payment of land premium**

In March 2010, MLR issued a notice which requires, among other things, that a land grant contract be executed within ten days after the land is granted, and that a down payment of 50% of the purchase price be paid within one month of the execution of the land grant contract with the remainder to be paid in accordance with the land grant contract, but no later than one year from the execution of the land grant contract.

We are generally able to manage and control the pressure imposed by land premiums as we target and pursue medium-sized land parcels. In addition, our rapid-asset-turnover model enables us to generate cash flow from pre-sales of properties in a shortened period of time. As such, we believe that the new regulations relating to land premium payment requirements have limited adverse impact on us.

- **Idle lands**

During the Track Record Period, the PRC government had issued various regulations to dealing with idle lands. In September 2010, MLR and the Ministry of Construction issued a notice requiring local land authorities to prohibit real estate developers and their controlling shareholders who have engaged in illegal activities, including holding lands which have been idled for more than one year due to their own faults, from participating in land bidding processes until the situation has been



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## SUMMARY

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rectified. In the same month, the PBOC issued a notice prohibiting commercial banks from granting loans to real estate developers who hold idle lands, have changed land use nature or delayed commencement or completion of construction or sale of properties for speculative purposes. In June 2012, MLR promulgated the revised version of the Measures on Disposing of Idle Land (閒置土地處置辦法), which more clearly defined idle lands and set out details on the punishment that may be imposed by local land authorities on property developers holding idle land, which generally includes (i) a fine up to 20% of land premium for land idled for over one year, and (ii) resumption of granted land use rights for land which has been idled for over two years.

We implement a rapid-asset-turnover model which requires us to efficiently develop available land parcels, shorten project development cycle and subsequently market and sell our properties in a shortened period of time. We do not intend to hold idle lands and as such, we believe the new regulations relating to idle lands have limited adverse impact on us.

- **Restrictions on purchase of residential properties**

In April 2010, the State Council issued a notice which specified that families buying their first residential property with a GFA of 90 sq.m. or more must make down payment of at least 30% of the purchase price. The notice also specified that families buying their second residential property must make a down payment of 50% of the purchase price and the interest rate for the relevant mortgage loans must not be lower than 110% of the PBOC benchmark lending rate and interest rates for mortgage loans and minimum first installments for third or subsequent residential properties shall be increased substantially. Up to April 2013, the government had subsequently promulgated several new regulations, according to which the minimum down payment has been raised to 30% for all first property purchase and 60% for second property purchase. Furthermore, (i) families holding local residency and owning two or more residential properties; (ii) families holding non-local residency and owning at least one residential property; and (iii) non-residents who cannot provide certificates evidencing the payment of local taxes or social insurances for more than one year, are prohibited from purchasing additional residential properties in the local district. In July 2013, the PBOC issued a notice which lifted the restrictions on financial institutions' lending rates from July 20, 2013, but the personal housing loan floating interest rate range remained unchanged.

In January 2011, the State Council issued a notice to provide that a transfer of residential properties purchased and held by individuals for less than five years shall be subject to business tax at the rate of 5% based on total sale price for such transfer. In February 2013, the State Council issued another notice to further provide that the individual income tax at the rate of 20% based on the profit from transfer of residential properties shall be strictly implemented.

Various new regulations restricting the purchase of residential properties in general have imposed adverse impact on real estate developers, including us. In particular, the increases in the minimum down payment requirements and the interest rates on mortgage loans have discouraged residential property purchases. However, such regulations primarily intend to target speculative investors, which are not our target customers, since we offer products catering to first-time home purchasers and those purchasing to upgrade their existing living conditions. These target customers currently constitute a significant portion of all property purchasers in the PRC and are not directly restricted by these new regulations. As such, we believe that our strategic market position and product portfolio enable us to manage the adverse impact of the new regulations restricting purchase of residential properties and we expect to further closely study governmental policies and regulations in order to adjust our operating strategies in a timely manner.

During the Track Record Period, the interest rates offered by banks to real estate developers increased and the relevant approval procedures have also tightened. For example, benchmark interest rates of commercial banks issued by the PBOC for short-term loans (six-month to one year) increased from 5.56% in October 2010 to 6.31% in April 2011, although such rate subsequently decreased to 6.00% in July 2012. During the same period, benchmark interest rates of commercial banks issued by the PBOC for mid- to long-term loans (one to three years) increased from 5.60% in October 2010 to 6.65% in April 2011, which subsequently decreased to 6.40% in July 2012. The benchmark interest rates remained stable through early 2013. In July 2013, the PBOC announced the cancellation of the lending rate floor and financial institutions are now allowed to set its own lending rates.

As confirmed by our independent property valuer, there had been no impairment in the value of our properties as at August 31, 2013. Therefore, our Company is of the view that the austerity measures have not had a material adverse impact on the value of our properties.

### **SELECTED CONSOLIDATED FINANCIAL AND OPERATING INFORMATION AND ANALYSIS**

You should read the selected consolidated financial statement items set forth below in conjunction with our consolidated financial information included in the Accountant's Report set out in Appendix I, together with the accompanying notes, which have been prepared in accordance with HKFRSs.

## SUMMARY

The table below includes, for the periods indicated, selected financial data derived from our Consolidated Income Statements and Consolidated Balance Sheets.

### *Selected Consolidated Income Statement Items*

The following table sets forth our selected consolidated income statement items for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Revenue.....	2,532,400	100.0	3,454,341	100.0	4,058,848	100.0	1,073,845	100.0	1,227,097	100.0
Gross profit.....	947,720	37.4	1,091,443	31.6	898,004	22.1	300,781	28.0	262,015	21.4
Fair value gains on investment properties.....	4,000	0.2	8,000	0.2	24,000	0.6	9,000	0.8	7,000	0.6
Profit attributable to equity holders of the Company .....	194,798		160,278		271,682		53,720		106,804	

### *Selected Consolidated Income Statement Items Analysis*

Our revenue during the Track Record Period consists of revenue derived from (i) sales of properties, (ii) provision of property management services, (iii) rental income and (iv) other operations. The table below sets forth our revenue for each of the businesses described above and the percentage on total revenue represented for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Sales of properties.....	2,490,782	98.4	3,403,289	98.5	3,995,539	98.4	1,048,105	97.6	1,197,729	97.6
Property management.....	25,941	1.0	36,681	1.1	48,622	1.2	19,161	1.8	24,318	2.0
Rental income.....	10,414	0.4	11,598	0.3	12,371	0.3	5,988	0.6	4,813	0.4
Others.....	5,263	0.2	2,773	0.1	2,316	0.1	591	0.0	237	0.0
Total.....	2,532,400	100.0	3,454,341	100.0	4,058,848	100.0	1,073,845	100.0	1,227,097	100.0

The increase in our revenue during the Track Record Period was primarily due to increase in revenue derived from the sale of properties as a result of increase in total GFA sold and delivered to our customers, reflecting our continued business expansion throughout the period. Similarly, cost of sales increased primarily due to increase in our cost of properties, which was primarily the result of increase in GFA sold and delivered during the period.

The decrease in gross margin from 2010 to 2012 was primarily due to (i) the increase in cost of sales which outpaced the increase in revenue from 2011 to 2012, resulting from the increase in material and labor costs, average land use rights cost and the increase in capitalized interest due to higher interest rate and (ii) an increase in the percentage of revenue derived from the sale of mid- to high-rise apartments from 2010 to 2012, which have lower gross margins, as compared to houses and townhouses. The decrease in gross margin for the six months ended June 30, 2013 as compared to the six months ended June 30, 2012 was primarily due to the decrease in the ASP as a larger portion of the GFA delivered in the six months ended June 30, 2012 were located in Shanghai where the ASP were generally higher.

We recorded net profit of RMB337.2 million, RMB368.1 million, RMB341.5 million in 2010, 2011 and 2012, respectively, representing profit margin of 13.3%, 10.7% and 8.4%, respectively. We recorded net profit of RMB75.3 million and RMB197.7 million for the six months ended June 30, 2012 and 2013, respectively, representing profit margin of 7.0% and 16.1%, respectively, adjusted net profit excluding fair value gains on investment properties was RMB334.2 million, RMB362.1 million and RMB323.5 million in 2010, 2011 and 2012, respectively, representing adjusted profit margin of 13.2%, 10.5% and 8.0%, respectively. Adjusted net profit excluding fair value gains on investment properties was RMB68.6 million and RMB192.5 million, for the six months ended June 30, 2012 and 2013, respectively, representing adjusted profit margin of 6.4% and 15.7%, respectively.

## SUMMARY

### *Selected Consolidated Balance Sheet Items*

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	<b>RMB'000</b>			
Non-current assets .....	568,080	905,154	833,746	763,692
Current assets .....	8,724,624	10,137,613	10,322,026	12,051,209
<b>Total assets</b> .....	<u>9,292,704</u>	<u>11,042,767</u>	<u>11,155,772</u>	<u>12,814,901</u>
Total liabilities .....	7,621,364	9,047,293	9,054,243	10,954,620
Total equity .....	1,671,340	1,995,474	2,101,529	1,860,281
<b>Total equity and liabilities</b> .....	<u>9,292,704</u>	<u>11,042,767</u>	<u>11,155,772</u>	<u>12,814,901</u>

### *Key Cash Flow Items and Working Capital*

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,
	2010	2011	2012	2013
	<b>RMB'000</b>			
Net cash (used in)/generated from operating activities .....	(454,691)	(348,416)	(326,190)	146,643
Net cash (used in)/generated from investing activities .....	(60,245)	(457,387)	72,030	(413,731)
Net cash generated from financing activities .....	1,320,626	138,708	64,797	574,194
Net increase/(decrease) in cash and cash equivalents .....	805,690	(667,095)	(189,363)	307,106
Cash and cash equivalents at beginning of the year/period .....	724,756	1,530,446	863,351	673,988
Cash and cash equivalents at end of the year/period .....	<u>1,530,446</u>	<u>863,351</u>	<u>673,988</u>	<u>981,094</u>

Our working capital sufficiency depends on the ASPs of our projects and the GFA to be contracted, which fluctuate significantly as a result of the real estate related austerity measures. We recorded negative net cash flow from operating activities of approximately RMB454.7 million, RMB348.4 million and RMB326.2 million in 2010, 2011 and 2012, respectively. Our negative net cash used in operating activities was principally attributable to the long-term and capital-intensive nature of property development business, our property sale proceeds collection cycle and our business expansion during the relevant periods. We experienced net operating cash outflows when imbalances occurred between the timing of our cash inflows relating to the pre-sale and sale of properties and our cash outflows relating to the construction and development of properties and the acquisition of land parcels. We expanded our property development business, including the acquisition of land parcels and construction of projects, and incurred cash outflows at a more rapid rate than cash return from pre-sales and sales of our projects that were eligible for pre-sales or sales during the Track Record Period. Negative net cash used in operating activities was also in part contributed by the higher amount of capitalized interest paid as a result of the increase in financing due to increased property development activities and the increase in interest rates. However, we recorded positive net cashflow from operating activities of RMB146.6 million for the six months ended June 30, 2013. During the Track Record Period, we financed our working capital primarily through borrowings from commercial banks and trust financing providers and proceeds from sales and pre-sales of our properties. To achieve sufficient working capital, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by strengthening marketing efforts and further enhancing the payment collection from our customers. We also intend to better utilize the payment terms under the construction agreements provided by our general contractors through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our proceeds collection and property sales plans. In addition, at our headquarters level, various departments will coordinate to control cash outflow by establishing our development and construction schedules, property sales and land acquisition plans by considering the cash inflow associated with external financing opportunities and property sales proceeds. Taking into account the financial resources available to us, including the expected cash generated from operating activities, the estimated net proceeds from this Global Offering and our available banking facilities, our Directors are of the opinion that we will have available sufficient working capital for our present requirements, that is for at least the 12 months following the date of this prospectus. We believe our business prospect and financial conditions will continue to be subject to the uncertain and volatile condition of the PRC property market.

## SUMMARY

### *Key Operating Statistics*

The following table sets forth certain of our key operating statistics relating to properties sold and delivered during the Track Record Period:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2010	2011	2012	2012	2013
			<b>RMB'000</b>		
Construction costs.....	883,931	1,495,314	1,889,317	486,311	569,300
Land use right costs.....	464,179	533,553	721,665	133,018	211,266
Capitalized interest.....	64,600	87,367	255,153	47,708	80,368
Total cost of properties.....	1,412,710	2,116,234	2,866,135	667,037	860,934
Total GFA delivered (sq.m.) <sup>(1)</sup> .....	228,319	364,152	456,612	108,881	140,484
Average cost per sq.m. (in RMB) <sup>(2)</sup> .....	6,187	5,811	6,277	6,126	6,128
ASP (in RMB per sq.m.).....	10,842	9,206	8,666	9,571	8,389

*Notes:*

- (1) Total GFA sold and delivered does not include car parks sold and delivered.
- (2) Refers to total cost of properties sold and delivered for a period divided by total GFA sold and delivered (excluding car parks) in that period.

### **RECENT DEVELOPMENTS**

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2013 and up to the date of this prospectus.

Based on the unaudited consolidated management accounts of the Group for the two months ended August 31, 2013, the total amount of revenue recorded in this period was RMB512.2 million, and the gross profit margin in this period was 17.6%. As our gross profit margin may vary depending on profit margins of individual projects and our results of operation may fluctuate significantly from period to period, any interim results may therefore not be indicative of our performance for the financial year or future periods.

During the period from July 1, 2013 up to the Latest Practicable Date, we had obtained additional land parcels with a total site area of 151,022 sq.m. with a planned aggregate GFA of approximately 393,548 sq.m. for two new projects, namely, Shaoxing Jingrui Nobility Mansion and Hangzhou Liangshu Project. We also obtained land parcels located in Shanghai with an aggregate site area of 79,944 sq.m. through the acquisition of an 80% equity interest in Shanghai Fengxiang from an independent third party. Furthermore, in September 2013, we obtained a confirmation letter from the Bureau of Land and Resources of Suzhou in connection with the acquisition of certain land parcels located in Suzhou, Jiangsu Province with an aggregate site area of 108,657 sq.m., for which we have not obtained the relevant land use rights. We currently expect the planned aggregate GFA for this project will be approximately 248,764 sq.m. For more details of the new projects, please refer to “Business — Our Property Projects — Projects Developed During and After the Track Record Period” and “Business — Our Property Projects — New Project Development” of this prospectus.

During the period from July 1, 2013 up to the Latest Practicable Date, we had entered into four additional trust financing arrangements for our project development in Taizhou, Nantong, Zhuji and Qingpu, two of which are type 1 trust financing arrangement with the remaining two type 2 trust financing arrangements. For more details of these trust financing arrangements, please refer to “Business — Financing Arrangements — Trust Financing Arrangements Entered into by Us.” In addition, we had also entered into a collective assets management plan in August 2013 for our project development in Ningbo. For more details, please see “Business — Financing Arrangements — Bank and Other Borrowings.”

### **LISTING EXPENSES INCURRED AND TO BE INCURRED**

For the six months ended June 30, 2013, we incurred listing expenses of approximately RMB14.0 million for legal and other professional fees, of which RMB9.8 million were charged to our administrative expenses for the six months ended June 30, 2013. We expect to incur additional listing expenses for legal and other professional fees of approximately RMB29.1 million, of which RMB20.1 million is expected to be recognized as administrative expenses in the second half of 2013. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2013.

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## SUMMARY

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### USE OF PROCEEDS

Use of Proceeds (assuming an Offer Price of HK\$4.84 per Share, being the mid-point of the indicative Offer Price range) : Net proceeds to our Company from the offer of new Shares – HK\$1,421 million, after deduction of underwriting fees and commissions and estimated expenses payable for the Global Offering (excluding the amounts which had been accounted for by the Group up to June 30, 2013 and assuming no exercise of the Over-allotment Option):

- approximately 90% (or approximately HK\$1,279 million) will be used for acquisitions of new projects or land for development in each of Nanjing, Suzhou, Hangzhou, Ningbo and Shaoxing; and
- the remaining amount of approximately not more than 10% (or approximately HK\$142 million) will be used to provide funding for our working capital and other general corporate purposes.

Please see the section “Future Plans and Use of Proceeds” for further details.

### GLOBAL OFFERING STATISTICS

	Based on an Offer Price of HK\$4.20 per Share	Based on an Offer Price of HK\$5.48 per Share
Our Company’s market capitalization upon completion of the Global Offering <sup>(1)(2)</sup>	HK\$5,266 million	HK\$6,870 million
Unaudited pro forma adjusted net tangible assets per Share <sup>(3)</sup>	HK\$2.63	HK\$2.95

*Notes:*

- (1) All statistics in this table are on the assumption that the Over-allotment Option is not exercised. In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above uses in the proportions stated above.
- (2) The calculation of market capitalization is based on 1,253,691,469 Shares expected to be in issue immediately after the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option).
- (3) The unaudited pro forma net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II “Unaudited Pro Forma Financial Information” and on the basis of 1,253,691,469 Shares expected to be in issue immediately after the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option) based on the Offer Price of HK\$4.20 per Share and HK\$5.48 per Share, respectively.

### DIVIDEND POLICY AND DISTRIBUTABLE RESERVES

Our Company has not declared dividends in the past. However, our subsidiaries declared and paid dividends to its then shareholders in an aggregate amount of RMB31.1 million, RMB44.0 million, RMB41.4 million and RMB372.6 million in respect of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. In addition, the Directors of our Company decided that the distributable profits of our PRC subsidiaries up to June 30, 2013 will not be distributed in the future. In the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to distribute to our Shareholders no less than 20% of any net distributable profits from our PRC operating entities derived during the relevant period, excluding net fair value gains or losses on investment properties, for the six months ending December 31, 2013 and each fiscal year thereafter. However, we will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we may enter into in the future.

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## DEFINITIONS

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*Unless the context otherwise requires, the following terms shall have the meanings set out below.*

“Application Form(s)”	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time), conditionally adopted on October 6, 2013 and will come into effect upon Listing, a summary of which is set out in Appendix V
“ASP”	average selling price
“asset turnover ratio”	calculated by dividing revenue during a given period by the average of total assets at the beginning and the end of the period, unless otherwise specified
“Board” or “Board of Directors”	the board of directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“BVI Holdco”	Natural Apex Limited, a company established in the BVI on January 9, 2013 and our wholly owned subsidiary
“BVI-1”	Decent King Limited, a company established in the BVI on January 7, 2013 and wholly owned by Mr. Chen
“BVI-2”	Beyond Wisdom Limited, a company established in the BVI on February 6, 2013 and wholly owned by Mr. Yan
“BVI-3”	Brilliant Admire Limited, a company established in the BVI on March 8, 2013 and one of our Shareholders
“BVI-4”	Praise Force Limited, a company established in the BVI on March 18, 2013 and one of our Shareholders

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## DEFINITIONS

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“Capitalization Issue”	the issuance of Shares to be made upon the capitalization of certain sums standing to the credit of the share premium account of our Company, as further described in the section “Statutory and General Information — Further Information about Our Group — Resolutions in Writing of the Shareholders of Our Company Passed on October 6, 2013” in Appendix VI
“CAGR”	compound annual growth rate
“Cayman Companies Law” or “Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“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 participant or a general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Changzhou Jingshang”	Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司), a company established in the PRC on February 23, 2011 in which we own 51% of the equity interest
“Changzhou Jingshen”	Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司), a company established in the PRC on April 14, 2006 and our wholly owned subsidiary
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this prospectus, Hong Kong, Macau and Taiwan
“Chongqing Jingkang”	Chongqing Jingkang Property Development Co., Ltd. (重慶景康置業發展有限公司), a company established in the PRC on July 20, 2005 and our wholly owned subsidiary

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## DEFINITIONS

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“Chongqing Jingshang”	Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司), a company established in the PRC on December 6, 2012 and our wholly owned subsidiary
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company” or “our Company”	Jingrui Holdings Limited, a company incorporated in the Cayman Islands with limited liability on March 7, 2013, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
“Controlling Shareholders”	has the meaning ascribed to it in the Listing Rules and unless the context otherwise requires, refers to Mr. Chen, Mr. Yan, BVI-1 and BVI-2, or any of them
“core cities”	refers to the 16 core cities in the Yangtze River Delta region identified in “The Regional Plan for the Yangtze River Delta Region” by the State Council in May 2010, which are Shanghai (上海); in Jiangsu Province, Nanjing (南京), Suzhou (蘇州), Wuxi (無錫), Changzhou (常州), Zhenjiang (鎮江), Nantong (南通), Yangzhou (揚州) and Taizhou (泰州); and in Zhejiang Province, Hangzhou (杭州), Ningbo (寧波), Shaoxing (紹興), Huzhou (湖州), Jiaxing (嘉興), Zhoushan (舟山) and Taizhou (台州). According to this Regional Plan, the 16 core cities, led by Shanghai, represent leading economic cities and over 80% of the nominal GDP in the Yangtze River Delta region, and are expected to further develop as a world-class city cluster.
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Deed of Indemnity”	the deed of indemnity dated October 15, 2013 entered into by each of Mr. Yan, Mr. Chen, BVI-1 and BVI-2 with and in favor of our Company, as described in the section “E. Other Information — 1. Estate duty and tax indemnity” in Appendix VI
“Deed of Non-Competition”	the deed of non-competition dated October 15, 2013 entered into by each of Mr. Yan, Mr. Chen, BVI-1 and BVI-2 with and in favor of our Company, as described in the section “Relationship with our Controlling Shareholders”
“Director(s)”	the director(s) of our Company



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## DEFINITIONS

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“DTZ”	DTZ Debenham Tie Leung Limited, an independent professional surveyor and property valuer
“EI Hong Kong”	Jingrui HK Holdings Limited, a company established in Hong Kong on June 11, 2007 and our wholly owned subsidiary
“EI Investment”	Equity International Management, LLC
“EIT”	enterprise income tax
“EIT Law”	the PRC Enterprise Income Tax Law
“EIT Rules”	the Regulation on the Implementation of the PRC Enterprise Income Tax Law
“FIREE”	Foreign Invested Real Estate Enterprises established pursuant to the Opinion on Regulating the Access and Management 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) issued by the Ministry of Construction, MOFCOM, NDRC, PBOC, the SAIC and SAFE on July 11, 2006
“GDP”	gross domestic product
“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Green Application Form(s)”	the application form(s) to be completed by the <b>White Form eIPO</b> Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (or before such associated companies of our Company), the business operated by such subsidiaries or their predecessors (as the case may be)
“Hainan Jingshang”	Hainan Jingshang Commercial Management Co., Ltd. (海南景尚商業管理有限公司), a company established in the PRC on April 17, 2013 and our wholly owned subsidiary
“Hainan Jingshen”	Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司), a company established in the PRC on May 14, 2013 and our wholly owned subsidiary

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## DEFINITIONS

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“Hangzhou Jinghang”	Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司), a company established in the PRC on August 14, 2013 in which we legally own 51% of the equity interest
“Hangzhou Jingyue”	Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司), a company established in the PRC on March 1, 2013 and our wholly owned subsidiary
“HK Holdco”	Sincere Paragon Limited, a company established in Hong Kong on February 5, 2013 and our wholly owned subsidiary
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards issued by 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”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 31,344,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to reallocation
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in the section “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated October 17, 2013, relating to the Hong Kong Public Offering and entered into by, among others, the Joint Global Coordinators, the Hong Kong Underwriters and our Company
“Huzhou Jingrui”	Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司), a company established in the PRC on August 20, 2007 and our wholly owned subsidiary
“Huzhou Jingshang”	Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司), a company established in the PRC on May 12, 2011 and our wholly owned subsidiary

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## DEFINITIONS

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“Independent third party”	a person or entity who is not considered a connected person of our Company under the Listing Rules
“International Offer Shares”	the 282,086,000 Shares being initially offered in the International Offering together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option, subject to reallocation
“International Offering”	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in reliance on Regulation S and in the United States solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act
“International Purchase Agreement”	the international purchase agreement relating to the International Offering, which is expected to be entered into by the Joint Global Coordinators, the International Purchasers and our Company on or about the Price Determination Date
“International Purchasers”	the group of international purchasers, led by the Joint Global Coordinators, that is expected to enter into the International Purchase Agreement as to the International Offering
“Jingrui Properties (Group)”	Jingrui Properties (Group) Co. Ltd. (景瑞地產(集團)股份有限公司), a company established in the PRC on September 8, 1993 and our wholly owned subsidiary
“Jingshen Culture”	Shanghai Jingshen Culture Development Co., Ltd. (上海景申文化發展有限公司), a company established in the PRC on July 15, 2013 and our wholly owned subsidiary
“Joint Bookrunners” or “Joint Lead Managers”	Deutsche Bank AG, Hong Kong Branch, UBS AG, Hong Kong Branch, Haitong International Securities Company Limited and BOCOM International Securities Limited
“Joint Global Coordinators”	Deutsche Bank AG, Hong Kong Branch and UBS AG, Hong Kong Branch
“Joint Sponsors”	Deutsche Securities Asia Limited and UBS Securities Hong Kong Limited

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## DEFINITIONS

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“LAT”	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People’s Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則)
“Latest Practicable Date”	October 12, 2013, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about October 31, 2013, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“MLR”	Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)
“MOFCOM”	Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外經濟貿易部)
“Mr. Chen”	CHEN Xin Ge, one of our Controlling Shareholders
“Mr. Yan”	YAN Hao, one of our Controlling Shareholders
“Nantong Jingrui”	Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司), a company established in the PRC on January 26, 2010 and our wholly owned subsidiary
“Nantong Jingshang”	Nantong Jingshang Property Co., Ltd. (南通景尚置業有限公司), a company established in the PRC on July 2, 2013 and our wholly owned subsidiary
“Ningbo Jingrui”	Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司), a company established in the PRC on February 20, 2013 and our wholly owned subsidiary

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## DEFINITIONS

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“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%)
“Offer Shares”	the Hong Kong Offer Shares and the International Offer Shares together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option expected to be granted by our Company to the International Purchasers, exercisable by the Joint Global Coordinators (on behalf of the International Purchasers), pursuant to which our Company may be required to allot and issue up to an aggregate of 47,014,000 Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any
“PBOC”	People’s Bank of China (中國人民銀行)
“PRC Government” or “State”	the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
“Pre-IPO Share Award Scheme”	the share award scheme adopted by our Company, the principal terms of which are set out in the section “Statutory and General Information — Pre-IPO Share Award Scheme” in Appendix VI
“Price Determination Date”	the date, expected to be on or about October 24, 2013, on which the Offer Price will be determined and, in any event, not later than October 29, 2013
“QIB”	a qualified institutional buyer within the meaning of Rule 144A
“Quan Yi Tianjin”	Equity International Urban Facilities Development (Tianjin) Co., Ltd. (權益城市設施開發(天津)有限公司), a company established in the PRC on June 25, 2007 and our wholly owned subsidiary
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the reorganization of the Group in preparation of the Listing, details of which are set out in the section “Our History and Reorganization — Reorganization”
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“Rule 144A”	Rule 144A under the U.S. Securities Act
“SAFE”	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAIC”	State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
“SAT”	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Shanghai Chengjing”	Shanghai Chengjing Investment Co., Ltd. (上海誠景投資有限公司), a company established in the PRC on April 28, 2010 and our wholly owned subsidiary
“Shanghai Fengxiang”	Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司), a company established in the PRC on June 23, 1998 in which we legally own 80% of the equity interest
“Shanghai Garden City”	Shanghai Garden City Real Estate Development Co. Ltd. (上海花園城房地產開發有限公司), a company established in the PRC on April 27, 2000 and our wholly owned subsidiary
“Shanghai Huajiang”	Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司), a company established in the PRC on August 16, 2002 in which we own 40% of the equity interest
“Shanghai Jiabang”	Shanghai Jiabang Investment Co., Ltd. (上海佳邦投資有限公司), a company established in the PRC on July 8, 2013 and our wholly owned subsidiary
“Shanghai Jiachun”	Shanghai Jiachun Investment Co., Ltd. (上海佳淳投資有限公司), a company established in the PRC on July 8, 2013 and our wholly owned subsidiary
“Shanghai Jiaguan”	Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司), a company established in the PRC on July 10, 2013 and our wholly owned subsidiary

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## DEFINITIONS

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“Shanghai Jiahe”	Shanghai Jiahe Investment Co., Ltd. (上海佳赫投資有限公司), a company established in the PRC on July 8, 2013 and our wholly owned subsidiary
“Shanghai Jiajie”	Shanghai Jiajie Investment Co., Ltd. (上海佳捷投資有限公司), a company established in the PRC on July 10, 2013 and our wholly owned subsidiary
“Shanghai Jiajing”	Shanghai Jiajing Investment Co., Ltd. (上海佳靖投資有限公司), a company established in the PRC on July 10, 2013 and our wholly owned subsidiary
“Shanghai Jialing”	Shanghai Jialing Investment Co., Ltd. (上海佳翎投資有限公司), a company established in the PRC on July 10, 2013 and our wholly owned subsidiary
“Shanghai Jiamu”	Shanghai Jiamu Investment Co., Ltd. (上海佳慕投資有限公司), a company established in the PRC on July 10, 2013 and our wholly owned subsidiary
“Shanghai Jiamu (2)”	Shanghai Jiamu Investment Co., Ltd. (上海佳穆投資有限公司), a company established in the PRC on July 11, 2013 and our wholly owned subsidiary
“Shanghai Jingbo”	Shanghai Jingbo Investment Co., Ltd. (上海景博投資有限公司), a company incorporated in the PRC on November 26, 2012 and our wholly owned subsidiary
“Shanghai Jingji”	Shanghai Jingji Investment Co., Ltd. (上海景吉投資有限公司), a company established in the PRC on November 26, 2012 and our wholly owned subsidiary
“Shanghai Jingrui”	Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司), a company established in the PRC on July 22, 2003 and our wholly owned subsidiary
“Shanghai Jingrui Agency”	Shanghai Jingrui Real Estate Agency Co., Ltd. (上海景瑞房地產營銷代理有限公司), a company established in the PRC on November 19, 1999 and our wholly owned subsidiary
“Shanghai Jingrui Commercial”	Shanghai Jingrui Commercial Investment Management Co., Ltd. (上海景瑞商業投資管理有限公司), a company established in the PRC on May 11, 2012 and our wholly owned subsidiary

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## DEFINITIONS

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“Shanghai Jingrui Investment”	Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司), a company established in the PRC on December 9, 2009 and our wholly owned subsidiary
“Shanghai Jingrui Property Management”	Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司), a company established in the PRC on December 31, 1996 and our wholly owned subsidiary
“Shanghai Jingshang”	Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司), a company established in the PRC on April 8, 2008 and our wholly owned subsidiary
“Shanghai Jingxiang”	Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司), a company established in the PRC on April 9, 2004 and our wholly owned subsidiary
”Shanghai Jingxiu”	Shanghai Jingxiu Property Co., Ltd. (上海景秀置業發展有限公司), a company established in the PRC on July 13, 2001 and our wholly owned subsidiary since June 2013
“Shanghai Jingyi”	Shanghai Jingyi Investment Co., Ltd. (上海景熠投資有限公司), a company incorporated in the PRC on November 26, 2012 and our wholly owned subsidiary
“Shanghai Lichen”	Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司), a company established in the PRC on November 4, 2011 and our wholly owned subsidiary
“Shanghai Lijing”	Shanghai Lijing Real Estate Development Co., Ltd. (上海麗景房地產開發有限公司), a company established in the PRC on October 18, 2000 and our wholly owned subsidiary
“Shanghai Ruibin”	Shanghai Ruibin Investment Co., Ltd. (上海瑞賓投資有限公司), a company established in the PRC on April 16, 2013 and our wholly owned subsidiary
“Shanghai Ruicen”	Shanghai Ruicen Investment Co., Ltd. (上海瑞岑投資有限公司), a company established in the PRC on April 16, 2013 and our wholly owned subsidiary
“Shanghai Ruichen”	Shanghai Ruichen Investment Co., Ltd. (上海瑞琛投資有限公司), a company established in the PRC on April 16, 2013 and our wholly owned subsidiary



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“Shanghai Ruice”	Shanghai Ruice Investment Co., Ltd. (上海瑞策投資有限公司), a company established in the PRC on April 16, 2013 and our wholly owned subsidiary
“Shanghai Ruicui”	Shanghai Ruicui Investment Co., Ltd. (上海瑞萃投資有限公司), a company established in the PRC on April 16, 2013 and our wholly owned subsidiary
“Shanghai Ruijun”	Shanghai Ruijun Investment Co., Ltd. (上海瑞峻投資有限公司), a company established in the PRC on February 16, 2013 and our wholly owned subsidiary
“Shanghai Ruixu”	Shanghai Ruixu Investment Co., Ltd. (上海瑞旭投資有限公司), a company established in the PRC on February 16, 2013 and our wholly owned subsidiary
“Shanghai Ruiye”	Shanghai Ruiye Investment Co., Ltd. (上海瑞擘投資有限公司), a company established in the PRC on February 16, 2013 and our wholly owned subsidiary
“Shanghai Ruiyou”	Shanghai Ruiyou Investment Co., Ltd. (上海瑞佑投資有限公司), a company established in the PRC on February 16, 2013 and our wholly owned subsidiary
“Shanghai Ruizheng”	Shanghai Ruizheng Investment Co., Ltd. (上海瑞徵投資有限公司), a company established in the PRC on February 16, 2013 and our wholly owned subsidiary
“Shanghai Youmao”	Shanghai Youmao Construction Material Co., Ltd. (上海友茂建築材料有限公司), a company established in the PRC on August 14, 2012 and our wholly owned subsidiary
“Shaoxing Jinghu”	Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司), a company established in the PRC on January 25, 2013 and our wholly owned subsidiary
“Shaoxing Jingkang”	Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司), a company established in the PRC on January 17, 2012 and our wholly owned subsidiary
“Shaoxing Jingrui”	Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司), a company established in the PRC on June 27, 2011 in which we own 99% of the equity interest

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## DEFINITIONS

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“Shaoxing Jingxiang”	Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司), a company established in the PRC on January 17, 2012 and our wholly owned subsidiary
“Shares”	ordinary shares in the capital of our Company with nominal value of US\$0.01 each
“Shareholder(s)”	holder(s) of Shares
“Stabilizing Manager”	UBS AG, Hong Kong Branch
“State Council”	the PRC State Council (中華人民共和國國務院)
“Stock Exchange” or “Hong Kong Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Suzhou Jinglong”	Suzhou Jinglong Property Co., Ltd. (蘇州景隆置業有限公司), a company established in the PRC on October 10, 2013 and our wholly owned subsidiary
“Taicang Jingrui”	Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司), a company established in the PRC on December 25, 2007 and our wholly owned subsidiary
“Taicang Jingshang”	Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司), a company established in the PRC on January 6, 2010 in which we own 65% of the equity interest
“Taizhou Jingrui”	Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司), a company established in the PRC on November 17, 2009 and our wholly owned subsidiary
“Tianjin Jingshang”	Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司), a company established in the PRC on August 14, 2007 and our wholly owned subsidiary
“Tianjin Jingxiu”	Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司), a company established in the PRC on July 24, 2007 and our wholly owned subsidiary
“Tianjin Yi An”	EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司), a company established in the PRC on August 15, 2007 and our wholly owned subsidiary

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## DEFINITIONS

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“Tianyan (PTC) Limited”	Tianyan (PTC) Limited, a limited liability company incorporated in the BVI on September 5, 2013, which will hold approximately 2.25% interest in the share capital of our Company after the completion of the Global Offering (taking no account of shares that may be issued pursuant to exercise of the Over-allotment Option) as the trustee of the Tianyan Trust
“Tianyan Trust”	Tianyan Trust, a trust established for the benefit of the employees of our Group who will be awarded Shares pursuant to the Pre-IPO Share Award Scheme, and administered by Tianyan (PTC) Limited as trustee
“Track Record Period”	the three financial years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013
“Underwriters”	the Hong Kong Underwriters and the International Purchasers
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Purchase Agreement
“U.S.” or “United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933, as amended from time to time
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at <a href="http://www.eipo.com.hk">www.eipo.com.hk</a>
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Yangpu Saiente”	Yangpu Saiente Science and Technology Industry Co., Ltd. (洋浦賽恩特科技實業有限公司), a company established in the PRC on September 22, 1997 and wholly owned by Mr. Yan
“Yangpu Wanbaolong”	Yangpu Wanbaolong Industry Co., Ltd. (洋浦萬寶隆實業有限公司), a company established in the PRC on September 22, 1997 and wholly owned by Mr. Chen
“Yangzhou Jingrui”	Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司), a company established in the PRC on April 8, 2013 and our wholly owned subsidiary

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## DEFINITIONS

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“Zhoushan Jingrui”	Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司), a company established in the PRC on February 16, 2006 and our wholly owned subsidiary
“Zhoushan Jingshang”	Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司), a company established in the PRC on August 17, 2010 and our wholly owned subsidiary
”Zhuji Jingrui”	Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司), a company established in the PRC on June 19, 2013 and our wholly owned subsidiary

*The terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities are provided for identification purposes only.*

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## RISK FACTORS

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*An investment in our Shares involves a high degree of risk. You should carefully consider the following information about risks, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to buy our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects would likely suffer. In any such case, the market price of our Shares could decline and you may lose all or part of your investment. This prospectus also contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of many factors, including the risks described below.*

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

***Our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in the various major cities in the Yangtze River Delta region***

Most of our current properties are located in Shanghai and other major cities in the Yangtze River Delta region. During the Track Record Period and up to August 31, 2013, we had 27 property projects completed or in various stages of development, with an aggregate site area of approximately 3.7 million sq.m. and an aggregate GFA of approximately 7.6 million sq.m. 23 of these projects are located in the Yangtze River Delta region with two projects in each of Tianjin and Chongqing. Since we expect to continue to deepen our market presence in Shanghai and other major cities in Yangtze River Delta, our business continues to be heavily dependent on the performance of property markets in these areas. These property markets may be affected by local, regional, national and global factors, including economic and financial condition, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. Any market downturn in China generally or in cities in which we have or expect to have operations may materially and adversely affect our business, financial condition and operation results.

In addition, any over-supply of properties or any potential decline in demand or prices for properties in the cities in which we operate could have a material and adverse impact on our cash flows, financial position and results of operations. In particular, property prices and demand for properties in Shanghai and other major cities in the Yangtze River Delta region have fluctuated significantly in recent years. Further policies implemented by the PRC government on bank loans and trust financing arrangements for real estate development projects since January 2010 have had, and may continue to have, a dampening effect on the property markets in which we operate.

***Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate***

Our business is subject to extensive governmental regulations and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development, control of foreign exchange,

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## RISK FACTORS

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property financing, taxation and foreign investment. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector.

During the Track Record Period and up to the Latest Practicable Date, the PRC government had implemented a series of regulations and policies to slow down the property market and inflation of property prices, as well as to dampen property speculation. These policies may limit our ability to obtain financing, acquire land for future developments, sell our properties at a profit or generate sufficient operating cash flows from contracted sales. In addition, as a result of the various measures implemented by the PRC government since 2011, including but not limited to, increasing the down payment requirements and mortgage rates for repeated residential property purchasers, and imposing limits on the number of residential properties local residents may purchase, the growth rate of the total transaction volumes for properties in most cities in which we operate, such as Shanghai, Hangzhou and Changzhou, declined significantly, according to the research report prepared for us by China Index Academy. We also strategically adjusted our internal pre-sale schedules of some of our projects in response to the fluctuation in the property market.

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

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

The sustainable growth and success of our business significantly depend on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for our residential projects. Our ability to acquire land depends on a variety of factors that are beyond our control, such as overall economic conditions, the availability of land parcels provided by the government, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels. During the Track Record Period, all of our land reserves were acquired in land auctions held by local governments. The availability and price of land sold at auctions also depends on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. Furthermore, the rapid development in Shanghai and other major cities in the Yangtze River Delta region in recent decades has resulted in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs, which constitutes one of the major components of our cost of sales. Please refer to the section “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix IV. To the extent that we are unable to acquire suitable land parcels

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## RISK FACTORS

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at commercially acceptable prices for our future development in a timely manner or at prices that enable reasonable economic returns to us, our business, financial condition, operating results and prospects may be materially and adversely affected.

*We may not have adequate financing, whether through bank loans, trust financing or other arrangements, 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 and we expect to continue to incur a high level of capital expenditures in the foreseeable future. During the Track Record Period, we financed our property projects primarily through proceeds from the pre-sales and sales of our properties and borrowings from financial institutions including CBRC-licensed commercial banks and trust financing companies. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including:

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

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

- the PBOC has adjusted the Renminbi deposit reserve ratio several times since 2010, first upward to a peak of 21.5% and more recently downward to the level of 20.0% as at the Latest Practicable Date;
- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2008;
- commercial banks and trust financing companies may not grant loans to property developers to pay land premiums;
- the CBRC has issued guidelines that require at least 30% of the total investment in a property project to be funded by the developer's own capital; and
- the CBRC has issued rules governing the establishment, operation and financing activities of trust financing companies in 2007, including the provision of such financing to property developers.

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## RISK FACTORS

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Operation of the trust financing companies in the PRC are primarily regulated by the CBRC pursuant to the “Rules Governing Trust Financing Companies” (信託公司管理辦法), which came into effect on March 1, 2007. Trust financing companies are therefore under the supervision and monitoring of the CBRC and are required to comply with all notices and regulations promulgated by the CBRC. For further information, please refer to the sections “Industry Overview” and “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix IV.

The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans and trust financing arrangements to finance our property projects. For example, we are limited as to the development activities in which such financing can be used. In addition, the amount, timing and cost of funding available to us are also adversely affected, as well as the collaterals that are used to secure such financing. We cannot assure you that the PRC government will not introduce other initiatives, which may further limit our access to capital and the ways we finance our property projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all. Furthermore, given the growth in trust financing arrangements provided to PRC property developers, the PRC government may implement more stringent measures to control risks in loan growth, which may include more stringent review procedures that trust financing companies are required to adopt when considering applications for trust financing and remedial actions that trust financing 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 financing companies can make available for the PRC property development industry. If this were to happen, our ability to obtain trust financing may be adversely affected, which could have an adverse effect on the anticipated growth of our business in the future and prospects.

### *Our financing costs may increase as a result of changes in interest rates*

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from commercial banks and trust financing providers. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. As all of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have fluctuated significantly in recent years. The weighted average effective interest rate on our bank borrowings was 6.04%, 6.96%, 7.03% and 7.51%, respectively, as at December 31, 2010, 2011 and 2012 and June 30, 2013. The weighted average effective interest rates on our loans under the trust financing arrangements were 15.26%, 15.16%, 16.60% and 14.98% as at December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. Our interest costs incurred in the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB134.2 million, RMB274.0 million, RMB350.5 million and RMB233.2 million, respectively. Most of the interest costs incurred were capitalized. Capitalized interest in the year ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB116.9 million, RMB262.9 million, RMB338.5 million and RMB230.8 million, respectively, representing 4.7%, 7.7%, 8.5% and 19.3%, respectively, of our revenue from sales of properties in the same period. The increase in the average effective interest rate on our bank borrowings was primarily driven by the tightened credit policies imposed by banks towards PRC property developers in 2011. The increase of the capitalization rate in the six months ended June 30, 2013 was also attributable to the increase in the amount of borrowings in connection with the growth of our business. In early 2013, the State Council further reaffirmed the policies to control the real estate market by implementing restrictive measures on home buying and



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## RISK FACTORS

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mortgage, including allowing local banks to increase the percentage of down payment and mortgage rates for second-home purchasers. In addition, in July 2013, according to a notice published by the PBOC, although restrictive controls over financial institutions' lending rates have been abolished starting from July 20, 2013, the permitted floating interest rate range for personal housing loans remains unchanged. The differentiated housing mortgage and interest rate policies indicate the government's intention to continue to control the growth of the real estate market. As such, any future increases in the PBOC benchmark interest rate as a result of government policies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

***Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government approvals or licenses in carrying out our property development and management operations***

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development and management operations, we must apply to the relevant government authorities to obtain (and renew for those relating to on-going operations) various licenses, permits, certificates and approvals, including but not limited to, qualification certificates, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits, pre-sale permits and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate or permit. If they fail to renew the certificates in a timely manner, their operations may be adversely affected. Please see the section "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix IV for details.

We cannot guarantee that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. Therefore, in the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

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

We have focused primarily on the development of residential properties in the Yangtze River Delta region since our inception. As at August 31, 2013, we had 27 projects under various stages of development, with an aggregate GFA of approximately 7.6 million sq.m., of which, approximately 6.0 million sq.m., or 79.3%, were located in the Yangtze River Delta region. We intend to continue to expand our operations into additional major cities in the Yangtze River Delta region, such as Nanjing. In addition, we intend to explore new opportunities in select major cities in the Bohai Bay Economic Rim and the southwestern areas of China, and have two property developments located in each of Tianjin and Chongqing. We also provide property management services through our subsidiary, Shanghai Jingrui Property Management, to all projects that are developed by us and several non-residential buildings developed by independent third parties.

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## RISK FACTORS

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Expanding into new geographical locations involves uncertainties and challenges as we may be less familiar with local regulatory practices and customs, customer preferences and behavior, the reliability of local contractors and suppliers, business practices and business environments and municipal-planning policies. In addition, expanding our business into new geographical locations would entail competition with developers who have a better-established local presence or greater access to local labors, expertise and knowledge than we do.

As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand into. We may also have difficulty in promoting and maintaining high occupancy rates and/or rental rates in the investment properties that we are currently developing after these properties are completed and commence operations.

In addition, expanding into new geographic locations requires a significant amount of capital and management resources. We will also need to manage the growth in our workforce to match the expansion of our business. Any of these factors could have a material and adverse effect on our business, financial conditions, results of operations and prospects.

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

Completion of property development projects requires substantial capital expenditures for, among other things, land acquisition and construction. The construction of property projects may take over a year or longer before they could generate positive net cash flow through pre-sales, sales and leasing. Furthermore, depending on the type of properties and the revenue generated, it may take a year or more after the completion of these properties before we recognize revenue from such projects. As a result, our cash flows and results of operations may be significantly affected by our project development schedules and any changes to those schedules and that our developments are completed within the planned budget. The schedules of our project developments and whether the project can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;
- changes in relevant regulations and government policies;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents;

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## RISK FACTORS

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- errors in judgment on the selection and acquisition criteria for potential sites; and
- natural catastrophes and adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale agreements and claim damages. See “— We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC government as to such activities and claims from customers in the event the pre-sold properties are not delivered on time or completed.” We cannot assure you that we will not experience any significant delays in completion or delivery of our projects in the future or that we will not be subject to any liabilities for any such delays.

***We rely on third-party contractors and if any of these contractors fails to deliver quality service or product in a timely manner, or if our relationships with any of them deteriorates, our reputation or business operation may be adversely affected***

We engage third-party contractors to carry out various services relating to our property development projects, including design, pile setting, foundation building, construction, equipment installation, electromechanical and pipeline engineering, elevator installation and landscaping. We currently engage third-party contractors in which we have entered into strategic relationships with, as selected through a tender process. We currently retain strategic relationship with five third-party general construction contractors. We reevaluate the contracts with such strategic contractors based on their performance and will reassess whether to renew the contracts every two years. We endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. However, any such third-party contractor may still fail to provide satisfactory services at the level of quality or within the timeline required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to a contractor’s financial or other difficulties. If the performance of any third-party contractor is not satisfactory, we may need to replace such contractor or take other remedial actions, which could adversely affect the cost structure and development schedule of our projects and could have a negative impact on our reputation, credibility, financial position and business operations. In addition, as we are expanding our business into other geographical locations in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other selection criteria in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors in a timely manner, which may adversely affect the construction schedules and development costs of our property development projects.

Furthermore, our relationships with third party contractors may deteriorate and we may be, from time to time, become involved in legal proceedings with such contractors. For example, during the Track Record Period, there were two legal proceedings brought against us by two of our general contractors due to disagreement over the contract prices. As at the Latest Practicable Date, one of the legal proceedings was settled subject to a mediation letter issued by the relevant court. See “Business — Legal Proceedings” for more details. Although we have not experienced any material delay in the timely completion of such properties as a result of these legal proceedings, there are no assurances that our project may be completed and delivered on time if there are other disputes with contractors that may arise in the future.

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## RISK FACTORS

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

PRC law allows property developers to pre-sell properties prior to their completion upon satisfaction of certain requirements. We depend on cash flows from pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and may use pre-sale proceeds only to finance the development project where the pre-sold properties are located. There is no guarantee that the PRC national or local government will not adopt any limitation, restriction or abolishment of the pre-sale practice in the commercial or residential property industry. Any such measure will adversely affect our cash flow position and require us to seek alternative sources of funding for much of our property development business.

In addition, the pre-sale of our properties carries certain risks. For example, we may fail to complete a fully or partially pre-sold property development, in which case we may be liable to purchasers for losses suffered by them. We cannot assure you that these losses will not exceed any deposits that may have been paid in respect of the pre-sold properties. Furthermore, if a pre-sold property development is not delivered on time, the purchaser may be entitled to damages. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3.0% from the GFA originally indicated in the property sale and purchase contract, the purchaser may terminate the property sale and purchase contract, reclaim the payment and claim damages.

***We are subject to risks associated with certain covenants or restrictions under our bank borrowings or trust financing arrangements which may adversely affect our business, financial condition and results of operations***

We are subject to certain restrictive covenants in the loan contracts between us and certain banks. For instance, some of our operating subsidiaries are subject to covenants that restrict them from carrying out any merger, restructuring, spin-off, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without the lenders' written consents. In addition, borrowings provided under certain loan agreements between our operating subsidiaries with banks are not allowed to be used for purposes other than the specific project development as provided in the agreement. Our subsidiaries may also be subject to certain financial ratios as provided in the loan agreements, such as debt asset ratio lower than 75% as stipulated in the loan agreement between one of our subsidiaries, Tianjin Jingxiu, and China Construction Bank. Furthermore, as long as such loans are outstanding, some of our relevant operating subsidiaries may not be able to provide guarantees to any third parties that would impair their ability to repay the relevant loans. We cannot assure you that we will be able to abide by all restrictive covenants of any of our loan agreements in the future or obtain lenders' consents or waivers in a timely manner or at all. Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of our loans, in which case our business, financial condition and results of operations will be adversely affected. We cannot assure you that we will be able to abide by all these restrictive covenants in the future. Should we fail to abide by these provisions, we may be prevented from repurchasing the transferred equity interests in our project companies from the relevant trust financing providers, in which case our business, financial condition and results of operations will be adversely affected.

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## RISK FACTORS

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In addition, we entered into several trust financing arrangements to obtain additional borrowings for our property developments. To provide enhanced security to some of the trust financing providers in respect of such covenants, we had given up a minority of the board seats in some of the relevant project companies to the respective trust financing providers or provided them with veto rights relating to matters that may materially affect the relevant trust financing providers' interest as to their fixed interest income. These trust financing providers are entitled to convene meetings of the board and/or shareholders and cast dissenting vote(s) through their representatives at these assemblies to frustrate or veto any material decisions we may propose in the interest of our Group but in deviation from the relevant pre-determined financial and operating policies, or in breach of the restrictive covenants in the relevant trust agreements. We cannot assure you that such disagreements will not occur in the future, in which case our business, financial condition and results of operations may be adversely affected.

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

The appraised value of our properties as contained in the property valuation report are based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves are based, include:

- we will develop and complete the projects on a timely basis in accordance with our latest development proposals provided to DTZ and set out in the property valuation report;
- we have obtained or will obtain on a timely basis all consents, approvals and licenses from relevant authorities necessary for the development of the projects, absence of delays caused by weather and natural disasters, and the timely completion of demolition and relocation; and
- our project design and construction have complied with the local planning regulations and have been approved by the relevant authorities.

If we fail to obtain the approvals from regulators necessary for the development of our projects, some assumptions used by DTZ in reaching the appraised value of our properties will prove inaccurate. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of our property projects as well as national and local economic conditions may affect the value of the properties we hold. Furthermore, fair value gains on investment properties included in our consolidated income statements reflect unrealized capital gains in the estimated fair value of our investment properties at the relevant reporting date and do not constitute profit generated from our operations or generate any actual cash inflow to us unless and until such investment properties are sold at or above such estimated values. Favorable or unfavorable changes in the assumptions of market conditions used would result in changes to the fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in our consolidated income statements in the future.

As at the Latest Practicable Date, PRC properties without proper land use rights certificates were not assigned any commercial value for the purposes of issuing any property valuation report. DTZ, however, made reference to such properties in the property valuation report under Group V – Properties contracted to be acquired by the Group in the PRC in Appendix III with respect to which we, as at August 31, 2013, had entered into land grant contracts but had not paid the relevant land premiums in full or satisfied other

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## RISK FACTORS

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conditions for obtaining the relevant land use rights certificates and appraised the value of these properties according to our attributable ownership in the relevant project companies. You should not rely on such estimated value attributed to us by DTZ.

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

In accordance with PRC regulations on LAT, all persons including companies and individuals that receive income from the sale or transfer of land use rights, properties and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the property. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, the approximate amount of LAT we paid was RMB71.9 million, RMB100.6 million, RMB135.2 million and RMB81.7 million, respectively. Pursuant to a circular issued by the State Administration of Taxation, effective February 1, 2007, LAT obligations must be settled with the relevant tax bureaus within a specified time frame after the completion of a property project. Please refer to the section “Major Taxes Applicable to Property Developers — Land appreciation tax” in Appendix IV for a detailed description of PRC regulations on LAT.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement of the same with the relevant tax authorities. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned amongst such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. Hence, our LAT expenses as recorded in a particular period may require subsequent adjustments. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, we recorded approximately RMB224.9 million, RMB217.4 million, RMB79.9 million and RMB44.2 million, respectively, as LAT expenses. If we substantially underestimated LAT for a particular period, a payment of the actual LAT assessed and leased on us by the tax authorities could adversely affect our financial results for a subsequent period.

***We may be subject to fines due to the lack of registration of our leases***

Pursuant to the Administration of the Measures for Commodity House Leasing in Urban Areas (商品房屋租賃管理辦法) promulgated on December 1, 2010 and became effective on February 1, 2011, both landlords and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. During the Track Record Period, we leased offices and dormitories from several third parties and rented out certain of our properties to third parties but had not filed for registration or obtained property leasing certificates for the relevant leases. We may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration, which may range from RMB1,000 to RMB10,000 per lease agreement. The registration of these lease agreements to which we are the lessees, requires additional steps to be taken by the respective landlords which are beyond our control. We cannot assure you that our landlords will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

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### ***Our property development business is subject to customer claims***

Under Regulations on the Administration of Quality of Construction Works (建設工程質量管理條例), which became effective on August 6, 2005, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from our third-party contractors we hire with respect to our property projects to cover claims that may be brought against us under our warranties. During the Track Record Period, we received 621, 95, 70 and 35 customer complaints about the quality of our properties, primarily due to minor construction and installation defects. We made compensation payments for such complaints in the amount of RMB1.4 million, RMB0.2 million, RMB0.4 million and RMB0.2 million, respectively, in 2010, 2011 and 2012 and the six months ended June 30, 2013. In addition, we may be subject to other types of customer claims from time to time during our ordinary course of business, such as claims in relation to the delay in delivery of property title documents due to various reasons, including longer time required for completing the relevant procedures than expected or delay in commencing the relevant procedures, including but not limited to the examining procedure by the relevant land use right authorities and the registration, approval and certificate production procedures by the relevant property right authorities. During the Track Record Period, we received 930, 267, 283 and 50 claims from certain customers as to the delay in delivery of property title documents. We incurred compensation expenses of RMB7.7 million, RMB2.4 million, RMB1.9 million and RMB0.3 million in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, for such occasional delay in delivery of the title documents to certain customers after sale. Although we believe that each of these claims is immaterial by nature or amount, we cannot assure you that we will not face any significant customer claims in the future, which may result in significant expenses to resolve such claims or if we face delays in remedying the related defects, harm our reputation and adversely affect our business, financial condition and results of operations. Furthermore, although we receive quality warranties from our third-party contractors we hire, we may not be able to fully cover our liabilities by enforcing such quality warranties or at all, and the money retained by us from third-party contractors to cover our payment obligations under the quality warranties may also be insufficient, which will further increase our liabilities under such customer claims.

### ***The regulatory authorities in China may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts***

Under PRC laws and regulations, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premiums and other fees, the specified use of the land and the time for commencement and completion of the property development, the PRC government may issue a warning, impose a penalty, or reclaim our land. Specifically, under current PRC laws and regulations, if we fail to pay any outstanding land premiums by the stipulated deadline, we may be subject to a late payment penalty at the rate of 0.1% of the unpaid land premium per day. If we fail to fully pay the land premiums within 60 days after the land grant contract became effective, the assignor is entitled to terminate the land grant contract and claim for indemnities. Furthermore, if we fail to commence development for more than one year from the commencement date stipulated in the land grant contract, the land authorities may serve a decision on levy of idle land fee on us and impose an idle land fee of up to 20% of the land premium. If we fail to commence development for more than two years, the land is subject to forfeiture unless the delay in development is caused by government actions or by force majeure. Moreover, even if we commence development of the land in accordance with the land grant contract, if the area of the developed land is less than one-third of the area of the total site area of the land, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the

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development of the land is suspended for over one year without government approval, the land will still be treated as idle land. In the Notice on Promoting the Saving and Intensification of Use of Land (國務院關於促進節約集約用地的通知) promulgated by the State Council in January 2008, the aforesaid policy was reinforced. This notice states, among other things, that the MLR and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the MLR issued a Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land (關於嚴格建設用地管理促進批而未用土地利用的通知) in August 2009, which reiterates the current rules regarding idle land. In September 2010, the MLR and MOHURD jointly issued the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知), which provides that a property developer and its shareholders will be prohibited from participating in land bidding before any noncompliance or illegal behaviors in which it engages, such as (1) land idle for more than one year on its own reasons, (2) illegal transfer of land use rights, (3) noncompliance with the land development requirements specified in a land grant contract, and (4) crimes such as taking land by forging official documents and illegal land speculation, have been completely rectified. We cannot assure you that circumstances leading to imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business prospects, results of operations and financial condition.

We cannot assure you that regulations relating to idle land in China will not become more restrictive in the future. If we fail to comply with the terms of land grant contracts due to delays in our developments, or as a result of factors out of our control, we may not only lose the opportunity to develop the projects on such land, but may also lose all of our past investments in the land, which would materially and adversely affect our business, financial condition and results of operations.

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

Certain building construction materials, such as steel and concrete, are procured by the third-party construction contractors we engage. The cost of construction materials, such as steel and concrete, may fluctuate from period to period. For example, according to the public information available from Bloomberg, the average market price of steel increased from RMB4,084 per ton in 2010 to RMB4,705 per ton in 2011 and decreased to RMB3,916 per ton in 2012. In the first six months in 2013, the average market price of steel was RMB3,611 per ton. The average market price of coking coal, a major component in the production of concrete, increased from RMB1,931 per ton in 2010 to RMB2,034 per ton in 2011 and decreased to RMB1,750 per ton in 2012. In the first six months in 2013, the average market price of coking coal was RMB1,618 per ton. In each of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, steel constituted less than 10% of our cost of sales and concrete constituted less than 5% of our cost of sales. As such, each of these major construction material represented a minor percentage of our total cost and we had not been negatively affected by the fluctuations in the prices of steel or concrete during the Track Record Period. However, any future increase in the cost of any significant construction materials may adversely impact our overall construction costs, which constitutes one of the largest components of our cost of sales. On the other hand, labor cost has also been increasing significantly. If we fail to pass any or all of the increased costs on to our customers, our profitability will



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## RISK FACTORS

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be adversely affected. See “Financial Information — Description of Certain Major Components of Our Combined Income Statement — Cost of Sales” for more information.

***We had negative net operating cash flow for the years ended December 31, 2010, 2011 and 2012***

For the years ended December 31, 2010, 2011 and 2012, we recorded negative net cash flow from operating activities of approximately RMB454.7 million, RMB348.4 million and RMB326.2 million, respectively. Our negative net operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. During the Track Record Period, we funded our capital expenditure with cash received from pre-sales and sales of our properties and borrowings from financial institutions comprising CBRC-licensed commercial banks and trust financing providers. For further information, please refer to the section “Financial Information — Liquidity and Capital Resources — Cash Flows Analysis” in this prospectus. We cannot assure you that we will not continue to experience negative net operating cash flow in the future. Negative net operating cash flow requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we will be in default of our payment obligations and may not be able to develop our projects as planned. As a result, our business, financial condition and results of operations may be materially adversely affected.

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

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

Our gross margin was 37.4%, 31.6%, 22.1% and 21.4% in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Our gross margin is and will continue to be affected by the change in the product mix delivered during the relevant period, such as the portion between mid- to high-rise apartments, which have lower gross margin, as compared to houses and townhouses. Our gross margin is and will also continue to be affected by the change in real estate property condition, which will affect our

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construction costs and land use right costs. Our construction cost per sq.m. increased from RMB3,871 in 2010 to RMB4,106 in 2011 to RMB4,138 in 2012, primarily due to increases in construction material and labor costs. Construction cost per sq.m. decreased from RMB4,466 in the six months ended June 30, 2012 to RMB4,052 in the six months ended June 30, 2013, primarily due to the change in the mix of properties sold during the same period. Our land use right costs per sq.m. decreased from RMB2,033 in 2010 to RMB1,465 in 2011 but increased to RMB1,580 in 2012, primarily due to the difference in the properties delivered during the respective period. Any increase in construction and land costs could reduce our gross margins to the extent that we are unable to pass these increased costs on to our customers and, therefore, could materially and adversely affect our results of operations, financial condition and business prospects. See also “— Fluctuations in the price of construction materials and labor costs could adversely affect our business and financial performance.”

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

***The illiquidity of property investments and the lack of alternative uses for investment properties could limit our ability to respond to adverse changes in the performance of our properties***

We currently have one investment property, namely Shanghai Jingrui Life Square, and approximately 25,442 sq.m. of such project are held by us for rental purposes. The fair value gains on investment properties for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 were RMB4.0 million, RMB8.0 million, RMB24.0 million and RMB7.0 million, respectively. Although we currently focus on the development of residential properties for sale, we may in the future decide to increase our investment property portfolio in response to changing market condition and customer demand.

Any form of real estate investment is illiquid and, as a result, our ability to sell our investment properties in response to changing economic, financial and investment conditions is limited. We also cannot predict the length of time needed to find purchasers for such investment properties. In addition, we may need to incur capital expenditure to manage and maintain our properties, or to correct defects or make improvements to these properties before selling them. We cannot assure you that financings for such expenditures would be available when needed, or at all.

Furthermore, aging of investment properties, changes in economic and financial condition or changes in the competitive landscape in the property market in the PRC may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties. However, our ability to convert any of our investment properties to alternative uses is limited as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that such approvals and financing can be obtained when needed. These and other factors that impact our ability to respond to adverse changes in the performance of our investment in properties may adversely affect our business, financial condition and results of operations.

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***Property owners may not retain us as the provider of property management services which may have an adverse effect on our reputation and brand***

We currently provide property management services to all properties developed by us through our property management subsidiary, Shanghai Jingrui Property Management. Shanghai Jingrui Property Management also provides property management services to several other non-residential properties that are developed by third parties. Under PRC laws and regulations, property owners of a residential development have the right to change the property management service provider upon the approval of a certain percentage of the property owners of that residential development. If owners of the properties that we have developed were not satisfied with our property management services, they may terminate our property management services or negatively comment on our property management services. In such case, our reputation and brand may be harmed, and the reputation of such properties may decline as a result. Furthermore, if subsequent property management companies appointed by such properties did not maintain the properties pursuant to our usual standards, the condition of our properties may decline, which may result in further damages to our reputation and brand. Damage to our reputation may also have an adverse impact on the future sales of our other properties, which may negatively affect our results of operations.

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

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

***Potential liability for health and environmental problems could result in substantial costs***

We are subject to a variety of laws and regulations concerning the protection of health and the environment. Environmental laws can prohibit or severely restrict property development activities in environmentally sensitive regions or areas. Compliance with health and environmental laws and conditions may result in delays, may cause us to incur substantial compliance and other costs and can severely restrict project development activities in environmentally sensitive regions or areas. Please refer to the sections headed “Business — Environmental Matters” in this prospectus for details.

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## RISK FACTORS

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As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project with respect of which environmental impact assessment documents have not been approved before commencement of construction. It is possible that there may be material environmental liabilities of which we are unaware, and which may have a material adverse impact on our business.

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

We may from time to time be involved in disputes with various parties arising out of our operations, including contractors, suppliers, construction companies, business partners, purchasers and employees or in matters that involve our land use rights. These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention from our core business activities. For example, we are currently involved in a labor arbitration initiated by a former employee who claimed that the termination of the employment agreement by us in June 2013 should be of no effect and sought for compensation in the sum of RMB265.8 thousand from us. We have engaged a law firm to represent us in the arbitration and our attorneys are of the view that (i) the employment agreement shall be null and void because the former employee did not disclose to us that she was not a PRC citizen when entering into the agreement, which is illegal since the relevant administrative procedures applicable for foreigners were not completed and (ii) the dispute shall not be governed by the presiding local labor dispute arbitration committee given that the employment relationship was invalid as a result of the void employment agreement. Regardless of the above, we believe that the dispute has insignificant impact on our operations and financial results as the maximum potential liability of us, as advised by our attorneys, is RMB265.8 thousand based on the claims of the former employee. Furthermore, this former employee has separately filed a lawsuit against Mr. Yan, our chairman and chief executive officer, and Jingrui Properties (Group) claiming, among other things, that she is entitled to receive 1% equity interest in Jingrui Properties (Group) from Mr. Yan. We have engaged a law firm to represent us in the lawsuit. We have received a legal opinion from our attorneys that no enforceable written agreement was ever entered into in connection with such share transfer between the former employee and Mr. Yan as key commercial terms including the consideration for such transfer have not been determined. Our attorneys are of the view that (i) this shareholding dispute does not give rise to any legal risk for us and our subsidiaries on the grounds that Jingrui Properties (Group) is neither a party privy to nor an obligor in the relevant dispute; and (ii) the shareholding dispute does not give rise to any risk for Jingrui Holdings Limited, Jingrui Properties (Group) or any member of our Group to issue new shares to any party. Further, our attorneys are of the view that the chance of the former employee succeeding in her claim against Mr. Yan is low and even if such claim is successful, it would be unlikely for the court to order Mr. Yan to transfer shares in Jingrui Properties (Group) to her as Mr. Yan is no longer a direct shareholder of Jingrui Properties (Group). In such circumstances, the court would be likely to order Mr. Yan to pay damages to her. Based on the statement of claim, the former employee valued the alleged 1% shareholding at RMB6.21 million but it is uncertain what damages would be ordered by the court if the former employee succeeds in her claim against Mr. Yan.

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## RISK FACTORS

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In addition, purchasers of our properties may take legal action against us if our developed properties are perceived to be inconsistent with our representations and warranties made to such purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, in respect of which we may face administrative proceedings and unfavorable decisions that may result in liabilities and cause delays to our property developments. Furthermore, we may be involved in disputes with our contractors, suppliers or employees. We may be involved in other proceedings or disputes in the future that may have a material adverse effect on our business, financial condition, results of operations or cash flows.

During the Track Record Period, our subsidiaries are involved in two legal proceedings as a result of disputes with our general contractors as to the construction prices under the relevant general contractor's agreement. As at the Latest Practicable Date, one of the legal proceedings was settled subject to a mediation letter issued by the relevant court. Furthermore, Shanghai Garden City is involved in a legal proceeding as to an obligation to construct a school on a land parcel to be granted by the local government. These proceedings are currently in progress as at the Latest Practicable Date.

For detailed information as to these legal proceedings, see "Business — Legal Proceedings."

***Our current insurance coverage may not be adequate to cover all risks related to our operations***

Under PRC laws, construction companies bear the primary civil liability for personal injuries arising out of their construction work. The owner of a property under construction may also bear liability supplementary to the liability of the construction company if the latter is not able to fully compensate the injured. The owner of the property may also bear civil liability for personal injuries, accidents and death if such personal injuries, accidents or death are caused by the fault of such owner.

We hold certain portion of our properties, such as ancillary retail areas or car parks, for investment purposes. We do not have a unified policy of procuring insurance policies for all such properties. Whilst some of our properties are covered by property all-risk, equipment damage and public liability insurance, each of our subsidiaries holding an interest in and/or managing such properties held for future investment is at liberty to adopt its own insurance policy from different insurance companies with different coverage. The level of insurance coverage acquired for each of the properties held for future investment may not be adequate to cover all losses. In addition, as at the Latest Practicable Date, none of the properties held and/or managed by our Group for investment were covered by loss of profits insurance. Furthermore, there are certain types of losses, such as losses due to earthquakes, typhoons, flooding, war and civil disorder, for which insurance is not available on what we believe to be commercially reasonable terms in China. As a result, we have not purchased insurance to cover any such losses. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. Therefore, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn materially adversely affect our financial condition and results of operations.

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## RISK FACTORS

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

We derive the substantial portion of our revenue from sales of our properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. Therefore, the availability of mortgages to our prospective purchasers would significantly affect our results of operations and financial conditions. In accordance with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for purchasers up until (i) we complete the relevant properties and the property ownership certificates and the mortgage are registered in favor of the mortgagee bank, or (ii) the settlement of mortgage loans between the mortgagee bank and the purchaser, whichever is earlier. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. 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. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluation conducted by the mortgagee banks on such customers. These are contingent liabilities not reflected on our balance sheets.

As at June 30, 2013, our outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB2,114.9 million. During the Track Record Period, our Directors confirm that we have not encountered defaults by purchasers that, in aggregate, had a material adverse effect on our financial condition and results of operations. However, there is no assurance that we will not be subject to guarantee-related risks. Should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

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

Our Controlling Shareholders will, upon the completion of the Global Offering, beneficially own approximately 69.79% of our outstanding share capital, assuming no exercise of the Over-allotment Option. As such, our Controlling Shareholders will have substantial control over our business. By virtue of their ownership of our share capital as well as their positions on our Board, they will be able to exert significant influence over our business and other matters of significance to us and other Shareholders by voting at general meetings of our Shareholders or our Board meetings, including:

- election of our Directors;
- selection of senior management members;
- amount and timing of dividend payments and other distributions;
- acquisition of or merger with another entity;
- overall strategic and investment decisions;
- issuance of securities and adjustment to our capital structure; and
- amendments to our Articles of Association.

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## RISK FACTORS

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The interests of our Controlling Shareholders may differ from the interests of other Shareholders, and they are free to exercise their votes according to their own interests. For example, our Controlling Shareholders may choose to cause our business to pursue strategic objectives that conflict with our other Shareholders' interests. In the event that the interests of our Controlling Shareholders conflict with those of other Shareholders, our other Shareholders may be disadvantaged as a result.

### **RISKS RELATING TO OUR INDUSTRY**

*The PRC property market is heavily regulated and subject to frequent introduction of new regulations, including further measures by the PRC government to slow down the growth of the property sector, which may adversely affect property developers*

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions. From 2004 to 2012, the PRC government introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

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

In particular, the PRC government also introduced the following policies, among others, to specifically control the growth of the residential property market:

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- increasing the minimum amount of down payment of the purchase price of the residential property of a family;
- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and
- limiting the availability of individual housing provident fund loans for the purchase of second (or more) residential properties by laborers and their family members.

Please see the section "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix IV for details.

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## RISK FACTORS

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Following a downturn in the PRC property market in late 2008 and early 2009, property prices and transaction volume began to increase sharply in the second half of 2009. This has led to imposition of further regulations and policies by the PRC government aimed at slowing down the property market. These measures resulted in downward pricing pressures on the PRC property market starting in the second half of 2011 and low transaction volumes the first half of 2012. Please see the section “Summary of Principal PRC Legal and Regulatory Provisions” in Appendix IV.

We cannot assure you that the PRC government will not implement further tightening measures to restrain the PRC property market at the national, provincial, municipal and/or local levels, in which case the declining trends in transaction volume and selling prices of properties in the PRC may continue or further intensify, and as a result, our financial condition and results of operations may be, and or may continue to be, adversely affected.

***Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government with respect to overseas investment***

The PRC government has introduced a number of policies and regulations aimed at regulating overseas investment in the property industry in the past few years. On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE issued the Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market (關於規範房地產市場外資准入和管理的意見). On May 23, 2007, the MOFCOM and SAFE issued the Circular on the Reinforcement and Regulation of Approval and Supervision of Foreign Direct Investment in the Real Estate Section (關於進一步加強、規範外商直接投資房地產業審批和監管的通知) (the “**Notice 50**”). For further information, please refer to the section “Summary of Principal PRC Legal and Regulatory Provisions — Foreign Investment in Property Development” in Appendix IV.

On July 10, 2007, SAFE issued the Circular of the General Affairs Department of SAFE on the Distribution of the List of the First Batch of Foreign-Invested Real Estate Projects Filed with the Ministry of Commerce (國家外匯管理局綜合司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). According to this circular, local branches of the SAFE must not register any foreign debt of a FIREE unless it obtained approval for its new establishment or capital increase from the local MOFCOM branches and filed such approval with the MOFCOM on or after June 1, 2007. This circular is another restrictive measure taken by the PRC government to limit foreign investment in the PRC property market. Pursuant to the requirements in the above circulars, we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our operations, engage in new project developments or operations or increase the registered capital of our PRC-domiciled foreign-invested subsidiaries in the future.

On December 24, 2011, the MOFCOM and the NDRC jointly issued a revised Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄), which became effective on January 30, 2012, and provided, among other things, that the development and construction of high-end hotels, office buildings, villas or golf courses by foreign-invested enterprises is restricted or prohibited. None of our projects under development is high-end hotels, office buildings, villas or golf courses. If in the future we also develop, such properties in which case the development will be subject to the review and approval by the MOFCOM.



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## RISK FACTORS

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

### *The PRC property market industry is highly competitive*

The property market in Shanghai and other major cities in the Yangtze River Delta region has been highly competitive. Domestic and overseas property developers have entered the property development markets in these cities where we have operations. We may seek to further enhance our market presence in these cities amid intense competition. Many of our competitors, including overseas listed foreign developers and top-tier domestic developers, may have more financial or other resources than us. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, surplus in property supply leading to property price decline, further delays in issuance of governmental approvals, and higher costs to attract or retain talented employees. If we fail to compete effectively, our business operations and financial condition will suffer.

### **RISKS RELATING TO THE PRC**

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

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

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

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

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## RISK FACTORS

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

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

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some cities in China may be under the threat of flood, earthquake, rainstorm or drought. In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS, H5N1 avian flu, H1N1 influenza or an outbreak of any other epidemics in China, including the spread of H7N9 avian influenza virus, especially in the cities in which we operate, may result in material disruptions to our property development projects and our sales and marketing efforts, which in turn may adversely affect our financial condition and results of operations.

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

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

Fluctuations in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. The Renminbi has been unpegged from the U.S. dollar since July 2005 and, although the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rate, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the future.

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

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## RISK FACTORS

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

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

The SAFE issued the “Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises” (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》) (“**Notice 142**”) in August 2008, which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the business scope of the relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. Violations of Notice 142 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations. We cannot assure you that we will be able to obtain all or any of the approvals required for making loans or additional capital contributions to our PRC subsidiaries using the proceeds from the Global Offering in a timely manner, or at all. Accordingly, we may not be able to make use of all or any of the proceeds from the Global Offering to extend loans or make additional capital contributions to our PRC subsidiaries.

***The PRC government’s control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares***

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

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, there is no assurance that these foreign exchange policies regarding payment of dividends in foreign currencies will continue to be come into effect in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, and even our business, operating results and financial condition, may be materially and adversely affected.

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## RISK FACTORS

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

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

***We may be deemed a PRC resident enterprise under the PRC CIT Law and be subject to PRC taxation on our worldwide income***

Under the PRC Corporate Income Tax Law (“**PRC CIT Law**”), which came into effect on January 1, 2008, enterprises established outside China whose “de facto management bodies” are located in China are considered “resident enterprises” and their global income will generally be subject to the uniform 25% Corporate Income Tax (“**CIT**”) rate. Under the Implementation Rules for the PRC CIT Law, “de facto management bodies” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of “de facto management bodies” for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise and ultimately controlled by PRC individual residents, as in our case. Therefore, we may be treated as a PRC resident enterprise for PRC CIT purposes. The tax consequences of such treatment are currently unclear as they will depend on how PRC finance and tax authorities apply or enforce the PRC CIT Law and the Implementation Rules.

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## RISK FACTORS

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***Dividends payable by us to our foreign investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws***

Under the PRC CIT Law and its implementation regulations issued by the State Council, PRC income tax at the rate of 10% is applicable to dividends payable by a PRC “resident enterprise” to investors that are “non-resident enterprises” (those enterprises that do not have an establishment or place of business in the PRC, or those that have such an establishment or place of business but the relevant income of which is not effectively connected with the establishment or place of business) to the extent such dividends have their source within the PRC. Similarly, any gain realized on the transfer of shares by such enterprises is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. If we are regarded as a PRC “resident enterprise”, it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realize from the transfer of our Shares, will be treated as income derived from sources within the PRC and be subject to PRC income tax. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC CIT Law and the implementation rules. One example of a limitation on the 10% withholding tax is that, pursuant to a tax treaty between the PRC and Hong Kong, which became effective on December 8, 2006, a company incorporated in Hong Kong is subject to withholding tax at the rate of 5% on dividends it receives from a company incorporated in the PRC if it holds a 25% or greater interest in the PRC company, or 10% if it holds an interest of less than 25% in the PRC company. If we are required under the PRC CIT Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if you are required to pay PRC income tax on the transfer of your Shares, the value of your investment in our Shares may be materially and adversely affected.

***We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus***

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy and the PRC real estate industry have been derived from China Index Academy. However, we cannot guarantee the quality or reliability of such materials. They have not been prepared or independently verified by us, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters or any of our or their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. We have, however, taken reasonable care in the reproduction and/or extraction of the official government publications for the purpose of disclosure in this prospectus. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this prospectus may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the PRC real estate industry contained in this prospectus.

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## RISK FACTORS

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### RISKS RELATING TO THE GLOBAL OFFERING

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

Prior to the Global Offering, there was no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us and the Joint Global Coordinators on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our Shares on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop or, if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. In addition, there can be no assurance that the Global Offering will result in the development of an active and liquid public trading market for our Shares. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- reduction of or restriction on financing for the property industry or housing market;
- changes in management or other key personnel of us or of our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in laws, regulations and policies affecting our industry in China;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us or other shareholders.

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

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## RISK FACTORS

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

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

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

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

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

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

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

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## RISK FACTORS

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***We cannot guarantee that we will pay dividends***

Any declaration of dividends will be proposed by our Directors and the amount of any dividends will depend on various factors, including, without limitation, market conditions, our strategic plans and prospects, our business opportunities, our financial condition and operating results, working capital requirements and anticipated cash needs, contractual restrictions and obligations, payments by subsidiaries of cash dividends to us and legal, tax and regulatory restrictions, and other factors that the Directors deem significant from time to time. For further details of our dividend policy, please see “Financial Information — Dividend Policy.” Our Company has not declared dividends in the past. However, our subsidiaries declared and paid dividends to its then shareholders in the aggregate amount of RMB31.1 million, RMB44.0 million, RMB41.4 million and RMB372.6 million in respect of the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. We cannot guarantee if and when we will pay dividends in the future.

***Investors should read the entire prospectus carefully and should not consider any particular statements in this prospectus or in published media reports without carefully considering the risks and other information contained in this prospectus***

There has been media coverage regarding the Global Offering and our business. We do not accept any responsibility for the accuracy or the completeness of such media coverage or forward looking statements and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this prospectus. Accordingly, prospective investors should not rely on any of the information in press articles or other media coverage.



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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used, the words “aim”, “anticipate”, “believe”, “could”, “expect”, “estimate”, “going forward”, “intend”, “may”, “ought to”, “plan”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to the Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our business strategies and plans to achieve these strategies;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital market developments;
- the actions and developments of our competitors; and
- change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements are qualified by reference to the cautionary statements in this section.

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

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## **WAIVERS FROM COMPLIANCE WITH THE LISTING RULES**

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In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

### **MANAGEMENT PRESENCE IN HONG KONG**

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. The business operations of the Group are located in China. Due to the business requirements of the Group, none of the executive Directors has been, is or will be based in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain effective communication with the Stock Exchange, we will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and us:

- (a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Xu Chao Hui, our executive Director and Mr. Yu Jia Le, our senior finance manager. The authorized representatives will provide their usual contact details to the Stock Exchange and will be readily contactable by telephone, facsimile and email by the Stock Exchange, if necessary, to deal with enquiries from the Stock Exchange from time to time;
- (b) each of the authorized representatives has the means to contact all the Directors (including the independent non-executive Directors) promptly at all times, as and when the Stock Exchange wishes to contact the Directors on any matters;
- (c) all the Directors who are not ordinarily resident in Hong Kong have valid travel documents to visit Hong Kong for business purposes and would be able to come to Hong Kong and meet with the Stock Exchange upon reasonable notice;
- (d) Guotai Junan Capital Limited, our compliance adviser, will act as an additional channel of communication with the Stock Exchange; and
- (e) each Director will provide their respective mobile phone numbers, office phone numbers, e-mail addresses and fax numbers to the Stock Exchange upon request.

### **JOINT COMPANY SECRETARIES**

According to Rule 8.17 of the Listing Rules, the secretary of our Company must be a person who is ordinarily resident in Hong Kong, has the requisite knowledge and experience to function as a company secretary and is either (i) a member of The Hong Kong Institute of Chartered Secretaries, a solicitor or barrister as defined in the Legal Practitioners Ordinance or a professional accountant, or (ii) an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging those functions.

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## WAIVERS FROM COMPLIANCE WITH THE LISTING RULES

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Most of the Group's operations are currently based in the PRC and it is expected that, for the foreseeable future, the Group will not have a sufficient management presence in Hong Kong. As such, it is vitally important that our company secretary of our Company should possess sufficient knowledge and experience to discharge the functions of a company secretary.

Our Company has appointed Lai Siu Kuen and Mr. Yu Jia Le as the joint company secretaries of our Company. Lai Siu Kuen is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in United Kingdom. While the Directors consider Mr. Yu Jia Le capable of discharging his duty as a joint company secretary of our Company by virtue of his background and experience (as detailed in the section "Directors, Senior Management and Employees"), he is not a professional accountant, a member of The Hong Kong Institute of Chartered Secretaries, or a solicitor or barrister as defined in the Legal Practitioners Ordinance, as required under Rule 8.17 of the Listing Rules and he is not ordinarily resident in Hong Kong. Therefore, our Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules, including the requirement of an ordinary resident in Hong Kong, and the following arrangements have been made to satisfy those requirements:

- (i) Lai Siu Kuen, the joint company secretary who meets all the requirements under Rule 8.17 of the Listing Rules, will assist and guide Mr. Yu Jia Le so that he is able to acquire the relevant knowledge and experience as required under the Listing Rules in order to discharge her functions as a joint company secretary of our Company;
- (ii) Mr. Yu Jia Le has been appointed as a joint company secretary of our Company for a term commencing from May, 2013 and ending on the date which is three years from the Listing Date, a period which should be sufficient for him to acquire the relevant knowledge and experience required by the Stock Exchange;
- (iii) our Company will further ensure that Mr. Yu Jia Le has access to the relevant training and support to enable him to familiarize himself with the Listing Rules and the duties required of a company secretary of an issuer listed on the Stock Exchange. In addition, Mr. Yu Jia Le will endeavor to familiarize himself with the Listing Rules during the three-year period from the Listing Date; and
- (iv) upon expiry of Mr. Yu Jia Le's initial term of appointment as one of the joint company secretaries of the Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 8.17 of the Listing Rules, and whether on-going assistance should be arranged so that Mr. Yu Jia Le's appointment as a company secretary of our Company continues to satisfy the requirements under Rule 8.17 of the Listing Rules.

The waiver from strict compliance with the requirements of Rule 8.17 of the Listing Rules will be revoked when Lai Siu Kuen ceases to provide assistance and guidance to Mr. Yu Jia Le during the three-year period from the Listing Date.

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### DIRECTORS

<u>Name</u>	<u>Address</u>	<u>Nationality</u>
<b>Executive Directors</b>		
CHEN Xin Ge (陳新戈)	2701, No. 1 201 Zhaojiabang Road Shanghai, PRC	Chinese
YAN Hao (閔浩)	Room 38A, No. 8 500 Changde Road Shanghai, PRC	Chinese
YANG Tie Jun (楊鐵軍)	Room 1101, No. 8 999 Dingxiang Road Pudong Shanghai, PRC	Chinese
XU Chao Hui (許朝輝)	No. 23-5-9, Jia No. 8 Xinwaidajie, Xicheng District Beijing, PRC	Chinese
<b>Independent Non-Executive Directors</b>		
HAN Jiong (韓炯)	NN59, 1 Longdongdadao Shanghai, PRC	Chinese
QIAN Shi Zheng (錢世政)	Room 401, No. 5 888 Bao Shan Road, Hongkou District Shanghai, PRC	Chinese
LO Wing Yan William (盧永仁)	Flat D1, 9/F 96 Pok Fu Lam Road Hong Kong	Chinese

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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### PARTIES INVOLVED IN THE GLOBAL OFFERING

#### Joint Global Coordinators (in alphabetical order)

Deutsche Bank AG, Hong Kong Branch  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

UBS AG, Hong Kong Branch  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

#### Joint Sponsors (in alphabetical order)

Deutsche Securities Asia Limited  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

UBS Securities Hong Kong Limited  
42/F, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

#### Joint Bookrunners and Joint Lead Managers

Deutsche Bank AG, Hong Kong Branch  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

UBS AG, Hong Kong Branch  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

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

BOCOM International Securities Limited  
9/F, Man Yee Building  
68 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 and U.S. laws:*

Simpson Thacher & Bartlett  
35/F, ICBC Tower  
3 Garden Road  
Central  
Hong Kong

*As to PRC law:*

Commerce & Finance Law Offices  
6/F, NCI Tower  
A12 Jianguomenwai Avenue  
Chaoyang District  
Beijing, China

*As to Cayman Islands law:*

Walkers  
Suite 1501-1507, Alexandra House  
18 Chater Road  
Central, Hong Kong

**Legal advisers to the Joint Sponsors and  
the Underwriters**

*As to Hong Kong and U.S. laws:*

Sullivan & Cromwell  
28th Floor  
Nine Queen's Road Central  
Hong Kong

*As to PRC law:*

Grandall Law Firm  
45th Floor, Nanzheng Building  
580 Nanjing West Road  
Shanghai, China, 200041

**Auditor and Reporting Accountant**

PricewaterhouseCoopers  
*Certified Public Accountants*  
22/F, Prince's Building  
Central  
Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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**Property Valuer**

DTZ Debenham Tie Leung Limited  
16/F, Jardine House  
1 Connaught Place  
Central  
Hong Kong

**Receiving Banks**

Bank of China (Hong Kong) Limited  
1 Garden Road  
Hong Kong

Industrial and Commercial Bank of China (Asia)  
Limited  
33/F, ICBC Tower  
3 Garden Road, Central  
Hong Kong

The Bank of East Asia, Limited  
10 Des Voeux Road Central  
Hong Kong

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## CORPORATE INFORMATION

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<b>Principal Place of Business and Head Office in the PRC</b>	23rd Floor East Building 333 Chengdubei Road Shanghai PRC
<b>Principal Place of business in Hong Kong</b>	8th Floor Gloucester Tower The Landmark 15 Queen's Road Central Hong Kong
<b>Registered Office</b>	190 Elgin Avenue George Town Grand Cayman KY1-9005 Cayman Islands
<b>Company's Website</b>	<b><a href="http://www.jingruis.com">www.jingruis.com</a></b>  <i>(The information on the website does not form part of this prospectus)</i>
<b>Joint Company Secretaries</b>	Yu Jia Le (于嘉樂) Lai Siu Kuen (黎少娟) (FCIS, FCS)
<b>Authorized Representatives</b>	Xu Chao Hui (許朝輝) No. 509, 23 Floor 8 Xinwaidajie, Xicheng District Beijing, PRC  Yu Jia Le (于嘉樂) 1102, No. 10 2228 Zhangyang Road Shanghai PRC
<b>Audit Committee</b>	Qian Shi Zheng (Chairman) Lo Wing Yan William Han Jiong
<b>Remuneration Committee</b>	Han Jiong (Chairman) Lo Wing Yan William Chen Xin Ge



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## CORPORATE INFORMATION

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**Nomination Committee**

Yan Hao (Chairman)  
Han Jiong  
Lo Wing Yan William

**Hong Kong Share Registrar**

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

**Compliance Adviser**

Guotai Junan Capital Limited  
28F Low Block  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

**Principal Banks**

Agricultural Bank of China, Huaihailu Branch  
Agricultural Bank of China, Wusong Branch  
China Construction Bank, Nanjingxilu Branch

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## INDUSTRY OVERVIEW

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*The information and statistics set forth in this section and elsewhere in this prospectus have been derived from various official and government publications, publicly available market research sources and an industry report commissioned by us and independently prepared by China Index Academy in connection with the Global offering. We believe that the sources of such information and statistics are appropriate and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information and statistics are false or misleading in any material respect. None of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any other party involved in the Global Offering or their respective directors, advisers and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Joint Sponsors, the Joint Global Coordinators, the Joint Bookrunners, the Underwriters, any other party involved in the Global Offering or their respective directors, advisers and affiliates makes any representation as to the correctness or accuracy of such information and the statistics contained in this prospectus, which may be inaccurate, incomplete, out-of-date or inconsistent with other information complied within or outside the PRC. Such information should not be unduly relied upon.*

### CHINA INDEX ACADEMY

We have commissioned China Index Academy, an independent third party and an experienced property research institution in the PRC, to prepare an industry report as to the real estate markets in China and the cities in which we currently operate, as well as regional ranking information in the Yangtze River Delta region. We paid a total consideration of RMB300,000 for this report.

China Index Academy has prepared the industry report based on its self-developed database, CREIS China Index Database (CREIS中指數據), the database of fdc.soufun.com and various government publications. These databases and government publications have been widely used and relied upon in the PRC property market.

China Index Academy is a Chinese property research institution, which was integrated in 2004 with a number of China research resources, including China Real Estate Index System, Soufun Research Institute, China Villa Index System and Top 10 China Real Estate Research Group.

### OVERVIEW OF THE PRC ECONOMY

#### *Overall Economic Growth*

China has experienced significant economic growth over the last decade and has, in February 2011, replaced Japan as the second largest economy in the world. China's nominal GDP had increased from RMB21,631 billion in 2006 to RMB51,932 billion in 2012, representing a CAGR of 15.7%. Fixed asset investment in China also has increased significantly over the same period, from RMB11,000 billion in 2006 to RMB37,468 billion in 2012, representing a CAGR of 22.7%, indicating continued strong investment confidence and signaling further growth potential.

## INDUSTRY OVERVIEW

The table below sets forth selected domestic economic statistics for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
Nominal GDP								
(RMB billion) .....	21,631	26,581	31,405	34,090	40,151	47,310	51,932	15.7%
Real GDP growth rate								
(%) .....	12.7	14.2	9.6	9.2	10.4	9.3	7.8	NA
Fixed asset investment								
(RMB billion) .....	11,000	13,732	17,283	22,460	27,812	31,149	37,468	22.7%
Fixed asset investment								
growth rate (%).....	23.9	24.8	25.9	30.0	23.8	12.0	20.3	NA

Source: National Bureau of Statistics

### *Urbanization*

Urbanization in the PRC has been accelerating and expanding in the past decade as evidenced by rapidly increasing urban population and urbanization rate, serving as a strong driver for domestic economic growth, particularly, for the real estate industry. The urban population reached 712 million in 2012 from 577 million in 2006, representing a CAGR of 3.6%, while the total population grew at a CAGR of 0.5% to 1,354 million from 1,314 million over the same period. In particular, in 2011, total urban population exceeded total rural population for the first time. The table below sets forth urbanization statistics for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
Urban population								
(million).....	577	594	607	622	666	691	712	3.6%
Total population								
(million).....	1,314	1,321	1,328	1,335	1,341	1,347	1,354	0.5%
Urbanization rate (%).....	43.9	44.9	45.7	46.6	49.7	51.3	52.6	NA

Source: National Bureau of Statistics

### *Disposable Income*

The robust growth of the PRC economy has contributed to the continuous increase in the per capita disposable income of urban households, which increased from RMB11,759 in 2006 to RMB24,565 in 2012, representing a CAGR of 13.1%. The table below sets forth per capita disposable income of urban households for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
Per capita disposable								
income of urban								
households (RMB) .....	11,759	13,786	15,781	17,175	19,109	21,810	24,565	13.1%

Source: National Bureau of Statistics

## INDUSTRY OVERVIEW

### THE PRC RESIDENTIAL REAL ESTATE MARKET

#### *Overview*

The PRC residential real estate market has grown rapidly in the last few years, driven by the increase in purchasing power and disposable income of urban residents as a result of urbanization and the overall economic growth. Despite the macro-control policy changes in recent years with the aim of regulating overheated speculative real property investment, total investment in PRC residential property market increased from RMB1,364 billion in 2006 to RMB4,937 billion in 2012, representing a CAGR of 23.9%. In particular, such growth rates in 2007, 2010 and 2011 all exceeded 30.0%. With respect to the transaction volume and ASP for residential properties, both increased steadily for the period from 2006 to 2012, despite the slight dip in growth in 2008 due to the impact of global financial crisis. The below table sets forth the relevant data relating to the residential property market in China for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
Investment in residential property market (RMB billion) .....	1,364	1,801	2,244	2,561	3,403	4,432	4,937	23.9%
Total residential GFA under development (sq.m. million) .....	1,517	1,868	2,229	2,513	3,148	3,877	4,290	18.9%
Total residential GFA completed (sq.m. million) .....	455	498	543	596	634	743	790	9.7%
Total residential GFA sold (sq.m. million) .....	554	701	593	862	934	965	985	10.1%
Total residential property transaction volume (RMB billion) .....	1,729	2,557	2,120	3,843	4,412	4,820	5,347	20.7%
ASP of residential properties (RMB/per sq.m.) .....	3,119	3,645	3,576	4,459	4,725	4,993	5,430	9.7%

Source: China Index Academy

#### *Regulatory and Recent Development*

Real estate industry is highly regulated in the PRC and the central and local governments have promulgated a variety of policies and regulations from time to time to monitor and control this sector during the last decade. Since 2004 to 2008, a series of regulations were released in order to curb the overheated real estate market and control the speculative investments, such as increasing the down payment percentage, mortgage loan interest rates and property transfer tax. Such restrictions were slightly reverted in late 2008 due to the policy change to encourage the growth in the real estate market in response to the global financial crisis. Since 2010, the PRC government has again taken various actions and enacted policies and administrative measures to further discourage property speculation and increase the supply of affordable housing. In early 2013, the State Council further reaffirmed the policies to control real estate

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## INDUSTRY OVERVIEW

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market by implementing restrictive measures on home buying and mortgage, including allowing local banks to increase the percentage of down payment and mortgage rates for second-home purchasers. As a result, several cities, including Beijing and Shanghai, announced detailed local regulations following the central government's policies to further tighten the control over the real estate market. For example, in April 2013, Beijing increased the percentage of down payment to 70% for second-home purchasers. Shanghai will strictly follow the 20% taxation policy and will adjust the down payment and mortgage rates for second-home purchases as and when appropriate, depending on market condition. Furthermore, no loans will be approved for the purchase of a third house. In addition, in July 2013, according to a notice published by the PBOC, the controls over financial institutions' lending rates are cancelled starting from July 20, 2013, the personal housing loan floating interest rate range remained unchanged. The differentiated housing mortgage and interest rate policies indicate the government's intention to continue to control the growth of real estate market.

On the other hand however, the Central Economic Work Conference held in December 2012 emphasized, among other things, to improve the level and quality of urbanization, which, is expected to facilitate the development of the real estate market. In the first quarter of 2013, real estate market in the PRC continued to increase, as evidenced by the 37.1% year-over-year increase in the total commodity property GFA sold as well as the total commodity property transaction volume. In addition, the ASP of commodity property for the first three months in 2013 was RMB6,695 per sq.m., a 17.6% increase from RMB5,691 per sq.m. in the same period in 2012.

For details as to recent real estate regulations and policies, please refer to the section "Summary of Principal PRC Legal and Regulatory Provisions" in Appendix IV.

### OUR MARKET POSITION AND COMPETITIVE LANDSCAPE

The property market in China is highly fragmented and competitive. In particular, the residential property market in the Yangtze River Delta region in which we operate have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in Shanghai and other major cities in the Yangtze River Delta region. We compete with them in relation to a number of factors, including ability to acquire land, brand recognition, financial resources, prices, product quality, service quality, ability to react to change in market condition and other factors. Despite our leading market position in the Yangtze River Delta region, some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and stronger brand recognition, and we may face challenges in maintaining our market position as a result. Furthermore, different regions in the PRC have different regulatory restrictions on property development, and consumer preferences also typically vary between different regions as well, even within the different cities in the Yangtze River Delta region. In addition, the rapid development of major cities in the Yangtze River Delta region in recent years has led to a diminishing supply of undeveloped land in desirable locations within the region. The PRC government has also implemented policies controlling the amount of new land available for development at the same time. These factors have increased competition for available land and land grant premiums. Competition in the Yangtze River Delta region will continue to be driven primarily by demand from first-time home purchasers and those purchasing to upgrade their existing living conditions. Consumers are also starting to increase their focus on quality of the properties, a competitive factor that is becoming more significant as a result.

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## INDUSTRY OVERVIEW

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We believe that the real estate market in the Yangtze River Delta region still has large growth potential, and our rapid-asset turnover model, along with our leading market position and broad geographical coverage in the region, provide us with the capability to capture such opportunities. According to China Index Academy, we are one of the early movers in real estate development industry in the Yangtze River Delta region. We have expanded our operational footprint to 13 cities, 11 of which are among the 16 core cities in the Yangtze River Delta region. According to China Index Academy, we ranked No. 3 in terms of the broadest operational coverage of core cities in the Yangtze River Delta region, only after Greenland Holding Group Company Limited and Greentown China Holding Limited. Leveraging our rapid-asset-turnover model, we were recognized by Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院) as one of the top 10 developers in terms of operating efficiency in 2012 and 2013. The table below sets forth ranking of the top 10 developers in terms of operating efficiency in China:

Rank	2012	2013
1	Evergrande Real Estate Group Limited	Evergrande Real Estate Group Limited
2	China Vanke Co., Ltd.	China Vanke Co., Ltd.
3	Jinke Property Group Co., Ltd.	Jinke Property Group Co., Ltd.
4	Future Land Development Holdings Limited	Future Land Development Holdings Limited
5	Kaisa Group Holdings Ltd.	Kaisa Group Holdings Ltd.
6	Xinyuan Real Estate Co., Ltd.	CIFI Holdings (Group) Co., Ltd.
7	CIFI Holdings (Group) Co., Ltd.	Lianfa Group Co., Ltd.
8	<b>Jingrui Properties (Group)</b>	Landsea Group Co., Ltd.
9	Lianfa Group Co., Ltd.	China Aoyuan Property Group Limited.
10	China Fortune Land Development Co., Ltd.	<b>Jingrui Properties (Group)</b>

Source: China Index Academy

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## INDUSTRY OVERVIEW

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According to China Index Academy, we were also a top 10 developer in the Yangtze River Delta region in 2012 and 2013 among all developers with primarily focus in this region, which are developers that derive at least 50% of their revenues from the region. The table below sets forth ranking of the top 10 developers with primary focus in the Yangtze River Delta region. China Index Academy's ranking of the top 10 developers with primary focus in the Yangtze River Delta region is determined by applying factor analysis methodology taking into account seven major indicators and more than 30 supplemental indicators, including a company's scale (such as total assets and total GFA sold), profitability (such as net profit and return on total assets), growth (such as growth rate of GFA sold and growth rate of revenue from the sale of properties), operating stability (such as advanced proceeds received from customers and current ratio), financing capability (such as cash flow from financing activities and ability to increase banking facilities), operating efficiency (such as asset turnover ratio) and social responsibilities (such as taxes paid).

Rank	2012	2013
1	Greenland Holding Group Company Limited	Greenland Holding Group Company Limited
2	Greentown China Holdings Limited	Greentown China Holdings Limited
3	Future Land Development Holdings Limited	Shimao Property Holdings Limited
4	Shanghai Forte Land Co., Limited	Future Land Development Holdings Limited
5	Hangzhou Binjiang Real Estate Group Co., Ltd.	Hangzhou Binjiang Real Estate Group Co., Ltd.
6	Yinyi Real Estate Co., Ltd.	Yinyi Real Estate Co., Ltd.
7	Powerlong Real Estate Holdings Limited	Powerlong Real Estate Holdings Limited
8	CIFI Holdings (Group) Co., Ltd.	CIFI Holdings (Group) Co., Ltd.
9	Shanghai Sansheng Hongye Investment (Group) Co., Ltd.	<b>Jingrui Properties (Group)</b>
10	<b>Jingrui Properties (Group)</b>	Shanghai Sansheng Hongye Investment (Group) Co., Ltd.

Source: China Index Academy

Furthermore, we were named as No. 53, No. 55 and No. 47 of the top 500 real estate companies in China in 2011, 2012 and 2013, respectively, by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

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# INDUSTRY OVERVIEW

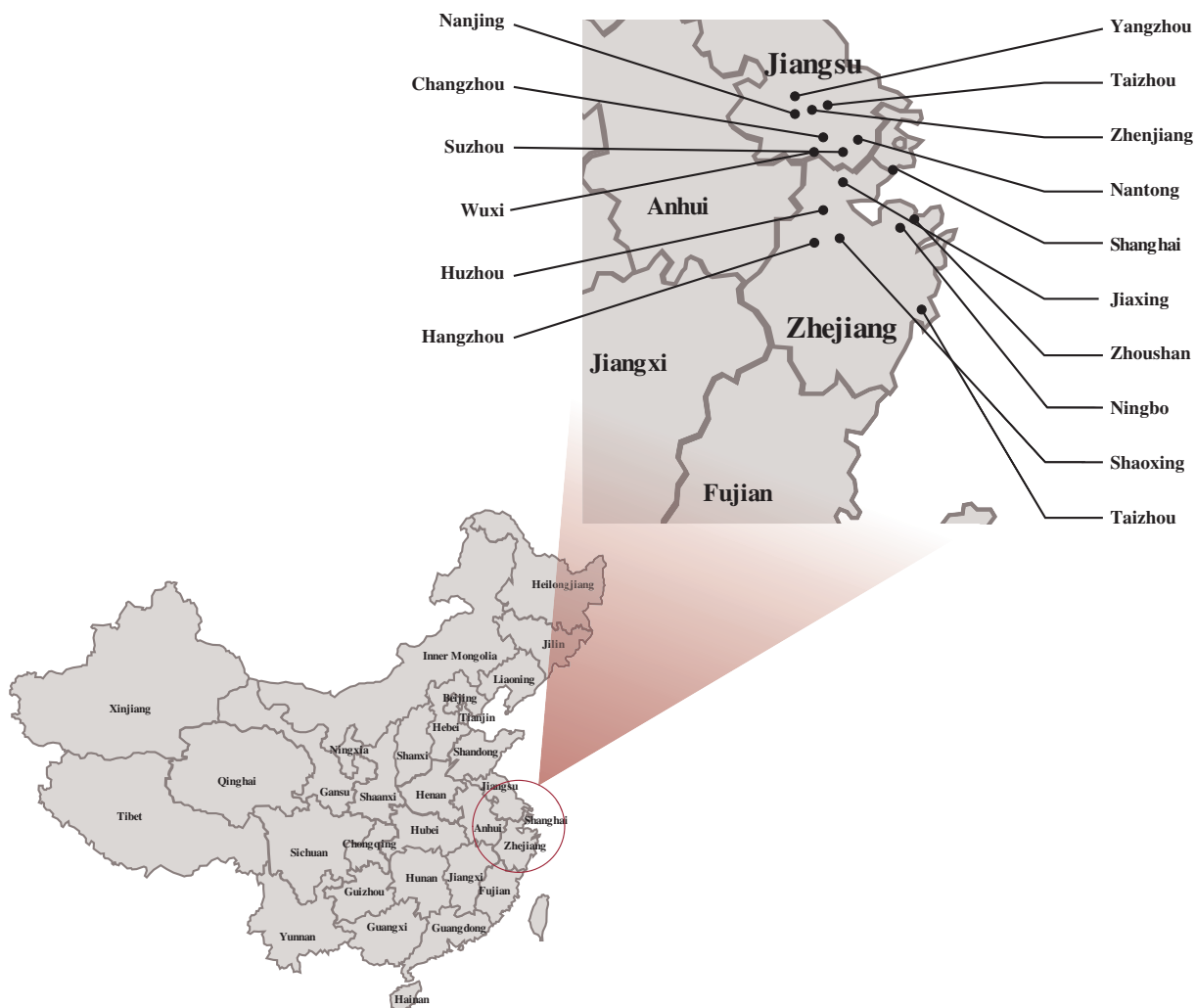
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## MARKET FOCUS – YANGTZE RIVER DELTA REGION

### Overview

The Yangtze River Delta region, covering Shanghai, Jiangsu Province and Zhejiang Province, has an aggregate site area of approximately 2.0 billion sq.m. and is one of the most affluent regions in the PRC. It is widely regarded as the largest regional economy in the PRC. According to China Index Academy, the total industrial gross output value of the Yangtze River Delta region accounted for approximately 25% of national gross output value.

The State Council issued “The Regional Plan for the Yangtze River Delta Region” in 2010, which identified 16 core cities based on a variety of factors, including economic conditions, location and population. The 16 cities are Shanghai (上海); in Jiangsu Province, Nanjing (南京), Suzhou (蘇州), Wuxi (無錫), Changzhou (常州), Zhenjiang (鎮江), Nantong (南通), Yangzhou (揚州) and Taizhou (泰州); and in Zhejiang Province, Hangzhou (杭州), Ningbo (寧波), Shaoxing (紹興), Huzhou (湖州), Jiaxing (嘉興), Zhoushan (舟山) and Taizhou (台州). According to this Regional Plan, the 16 core cities, led by Shanghai, are expected to further develop as a world-class city cluster. The below illustrates the location of the 16 core cities.





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## INDUSTRY OVERVIEW

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The overall economic statistics of the 16 core cities generally outperform the national statistics. For example, according to China Index Academy, the total nominal GDP contributed by these 16 cities accounted for approximately 17.3% of total national nominal GDP in 2012. 12 of the 16 core cities were ranked in the top 50 in terms of GDP, with Shanghai taking first place. The following table sets forth the ranking of the 12 core cities in the top 50 in China in terms of nominal GDP:

Cities	Rank
Shanghai.....	1
Suzhou.....	6
Hangzhou .....	9
Wuxi.....	10
Nanjing.....	14
Ningbo.....	16
Nantong.....	26
Changzhou.....	33
Shaoxing.....	38
Jiaxing .....	45
Yangzhou.....	47
Taizhou, Zhejiang Province.....	49

Source: China Index Academy

The aggregate population of the 16 core cities amounted to 106 million in 2012, accounting for approximately 7.9% of total population in the PRC and these cities currently achieved an average urbanization rate over 60%. In 2012, the 16 core cities were all ranked within top 50 in terms of per capita disposable income for urban households, with 11 of them ranked in the top 20. The following table sets forth the ranking of the 11 core cities in the top 20 in China in terms of per capita disposable income for urban households:

Cities	Rank
Shanghai.....	3
Ningbo.....	5
Suzhou.....	7
Shaoxing.....	8
Nanjing.....	10
Hangzhou .....	11
Jiaxing .....	12
Wuxi.....	14
Zhoushan.....	16
Taizhou, Zhejiang Province.....	17
Changzhou.....	18

Source: China Index Academy

## INDUSTRY OVERVIEW

The per capita disposable income for urban households of these 16 cities reached RMB34,033 in 2012, being almost 1.4 times of the national per capita disposable income for urban households. In addition, according to China Index Academy, the total deposit balance of domestic currency and foreign currency with monetary institutions in the 16 core cities at the end of 2012 amounted to RMB17.8 trillion, accounting for approximately 18.9% of total national deposit balance at the end of 2012, while the total outstanding loan balance at that time was RMB13.7 trillion, approximately 20.4% of total national loan balance.

The table below sets forth certain economic statistics of the 16 core cities in the Yangtze River Delta region for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
Nominal GDP (RMB billion).....	4,009	4,759	5,514	5,987	6,970	8,214	8,995	14.4%
Per capita disposable income for urban households (RMB).....	17,237	19,719	22,110	24,068	26,559	30,359	34,033	12.0%

Source: China Index Academy

### *Property Market in the Yangtze River Delta Region*

The population, urbanization level, disposable income, deposit and loan balances in the Yangtze River Delta region have all indicated strong demand and high purchasing power of local residents, which presents a huge potential for real estate market in the region.

Driven by increasing housing demand and purchasing power, according to China Index Academy, the ASP of residential properties in the Yangtze River Delta region had climbed from RMB4,914 per sq.m. in 2006 to RMB8,751 per sq.m. in 2010, RMB9,053 per sq.m. in 2011 and further to RMB9,367 per sq.m. in 2012, respectively, representing a CAGR of 11.3% from 2006 to 2012. In 2012, the ASP of residential properties in the PRC was RMB5,430 per sq.m., only 58.0% of that of the 16 core cities in the Yangtze River Delta region.

The sales of properties fluctuated during 2006 to 2012. The total residential GFA sold in the Yangtze River Delta region decreased in 2008 and 2010, respectively, which was primarily due to the global economic crisis and regulatory changes which were promulgated to curb the overheated property market. Despite of these adverse market conditions in 2008, 2010 and 2011, total residential GFA sold in the Yangtze River Delta region in 2006 was 92.1 million sq.m., compared to an aggregate 554.2 million sq.m. in the PRC, which increased to 97.1 million sq.m. in 2012, compared to an aggregate of 984.7 million sq.m. in the PRC. Corresponding total transaction volume of properties in the Yangtze River Delta region increased from RMB452.4 billion in 2006 to RMB909.7 billion in 2012, respectively, representing a CAGR of 12.4% from 2006 to 2012. Over the same period, total property transaction volume in the PRC increased from RMB1,728.8 billion in 2006 to RMB5,346.7 billion in 2012.

## INDUSTRY OVERVIEW

Property construction activities have also been affected by the regulatory and policy changes in the property industry, which slowed in 2008 and 2010, but had recovered since 2010. Total residential GFA under development in the Yangtze River Delta region in 2006 was 297.1 million sq.m., compared to an aggregate 1,517.4 million sq.m. in the PRC, which increased to 493.4 million sq.m. in 2012, compared to an aggregate of 4,289.6 million sq.m. in the PRC. Total residential GFA completed in the Yangtze River Delta increased from 89.4 million sq.m. in 2006 to 96.2 million sq.m. in 2012, reaching a record high. Over the same period, total residential GFA completed in the PRC increased 454.7 million sq.m. in 2006 to 790.4 million sq.m. in 2012, respectively.

The table below sets forth certain property market statistics of the 16 core cities in the Yangtze River Delta region as well as in the PRC for the periods indicated:

	2006	2007	2008	2009	2010	2011	2012	CAGR
<b>16 Core Cities in the Yangtze River Delta Region</b>								
Total residential GFA under development (sq.m. million) .....	297	321	344	342	394	454	493	8.8%
Total residential GFA completed (sq.m. million) .....	89	91	94	86	81	70	96	1.2%
Total residential GFA sold (sq.m. million) ....	92	116	75	135	103	77	97	0.9%
Total residential property transaction volume (RMB billion) .....	452	678	446	1,035	899	697	910	12.4%
ASP of residential properties (RMB/sq.m.) .....	4,914	5,817	5,909	7,687	8,751	9,053	9,367	11.3%

Source: China Index Academy

### ***Future Growth Potential***

According to the forecast and estimates by China Index Academy, given that the growth rates of overall economy in the PRC and in the Yangtze River Delta region are expected to decrease and that the current restrictive regulations and policies controlling real estate market are expected to continue playing a significant role in the industry, the property market in the Yangtze River Delta region is estimated to further grow at a moderate growth rate.

For example, China Index Academy projected that the property ASP as well as the total property transaction volume in the Yangtze River Delta region will increase by approximately 10% annually. ASP in the region is expected to exceed RMB10,000 per sq.m. in 2015.

## INDUSTRY OVERVIEW

### *City Economic and Property Market Statistics*

We have expanded our operations into 13 cities across China, 11 of which are among the 16 core cities in the Yangtze River Delta Region. We intend to actively seek opportunities to deepen our market penetration in existing cities and to tap into new core cities as we believe the Yangtze River Delta region remains the most economically prosperous area in the PRC and has the greatest potential for property development.

The table below sets forth certain general economic statistics of the cities where we have established operations for the periods indicated:

	Nominal GDP							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	<b>RMB million</b>							
Shanghai .....	1,029,697	1,200,106	1,369,815	1,490,093	1,687,242	1,919,569	2,010,100	11.8%
Jiangsu Province:								
Suzhou .....	490,063	585,011	707,809	774,020	900,000	1,071,699	1,200,000	16.1%
Changzhou .....	158,511	191,350	226,632	251,993	297,670	358,099	396,980	16.5%
Nantong .....	178,839	216,369	259,313	287,280	341,788	408,022	455,870	16.9%
Yangzhou .....	112,523	135,721	164,589	185,639	220,799	263,030	293,320	17.3%
Taizhou .....	103,708	122,232	144,629	166,092	200,258	242,261	270,261	17.3%
Zhejiang Province:								
Hangzhou .....	344,151	410,017	478,116	509,866	594,582	701,906	780,398	14.6%
Ningbo .....	287,444	343,500	396,400	421,460	512,580	605,924	652,470	14.6%
Shaoxing .....	103,708	122,232	144,629	166,092	200,258	242,261	270,167	17.3%
Huzhou .....	76,102	89,202	103,489	111,150	130,156	152,006	166,200	13.9%
Zhoushan .....	33,520	40,837	49,025	53,326	63,345	77,275	85,195	16.8%

Source: China Index Academy

	Per Capita Disposable Income of Urban Households							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	<b>RMB</b>							
Shanghai .....	20,668	23,623	26,675	28,838	31,838	36,230	40,188	11.7%
Jiangsu Province:								
Suzhou .....	18,532	21,260	24,680	27,188	29,219	34,617	38,000	12.7%
Changzhou .....	16,650	19,089	21,234	23,392	26,269	29,559	33,587	12.4%
Nantong .....	14,058	16,451	17,540	19,469	21,825	25,094	28,292	12.4%
Yangzhou .....	12,945	15,057	15,465	17,332	21,766	22,835	28,001	13.7%
Taizhou .....	12,682	14,940	16,165	18,079	21,359	23,597	26,574	13.1%
Zhejiang Province:								
Hangzhou .....	19,027	21,689	23,534	26,171	30,035	32,434	37,511	12.0%
Ningbo .....	19,642	22,332	25,196	27,237	30,166	34,321	37,902	11.6%
Shaoxing .....	19,486	21,971	24,646	26,874	30,164	33,273	36,911	11.2%
Huzhou .....	17,503	19,663	21,604	23,280	25,729	29,367	32,987	11.1%
Zhoushan .....	17,525	19,856	22,257	24,082	26,242	30,496	34,224	11.8%

Source: China Index Academy

## INDUSTRY OVERVIEW

	Urbanization Rate							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	%							
Shanghai .....	85.8	86.8	87.5	88.0	88.6	89.1	89.7	-
Jiangsu Province:								
Suzhou .....	65.1	65.6	66.0	66.3	70.0	71.2	72.3	-
Changzhou .....	60.5	60.9	61.0	60.9	63.2	65.2	75.4	-
Nantong .....	46.9	48.6	50.3	52.7	55.8	57.6	58.7	-
Yangzhou .....	49.2	50.0	51.3	52.9	56.7	57.9	57.9	-
Taizhou .....	46.0	48.0	49.0	55.0	56.0	57.0	58.0	-
Zhejiang Province:								
Hangzhou .....	68.9	69.0	69.3	69.5	73.3	73.9	74.3	-
Ningbo .....	63.1	63.2	63.6	63.7	68.3	69.0	70.0	-
Shaoxing .....	56.0	56.9	57.5	57.7	58.6	59.3	60.1	-
Huzhou .....	48.0	49.3	50.0	50.7	52.9	53.3	54.0	-
Zhoushan .....	61.1	61.5	61.9	62.4	63.6	64.3	65.3	-

Source: China Index Academy

	Fixed Asset Investment							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	RMB million							
Shanghai .....	392,509	445,861	482,945	527,333	531,767	506,700	525,400	5.0%
Jiangsu Province:								
Suzhou .....	210,699	236,636	261,116	296,735	361,782	427,998	526,500	16.5%
Changzhou .....	95,156	120,394	144,817	170,477	210,360	222,326	276,010	19.4%
Nantong .....	104,890	126,580	150,541	180,238	216,838	237,836	288,650	18.4%
Yangzhou .....	53,330	71,788	94,998	106,392	133,185	147,543	178,365	22.3%
Taizhou .....	53,256	70,397	90,052	116,620	153,803	119,765	145,459	18.2%
Zhejiang Province:								
Hangzhou .....	146,074	168,413	198,050	229,165	275,313	310,002	372,275	16.9%
Ningbo .....	150,277	159,754	172,824	200,422	220,650	238,551	290,140	11.6%
Shaoxing .....	76,575	84,337	91,575	105,503	125,360	142,626	172,256	14.5%
Huzhou .....	47,975	45,834	52,524	63,869	71,783	80,467	97,073	12.5%
Zhoushan .....	21,899	27,964	33,943	40,066	41,384	47,609	60,081	18.3%

Source: China Index Academy

## INDUSTRY OVERVIEW

We believe that the property market in the cities in which we have established operations have been and are expected to be grow in the near future. The table below sets forth certain residential property market statistics of the cities where we have established operations for the periods indicated:

	Total Residential GFA Under Development							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Shanghai .....	79.9	76.4	68.7	65.5	73.1	83.9	83.2	0.7%
Jiangsu Province:								
Suzhou .....	40.4	46.4	52.0	51.1	58.1	60.3	60.5	6.9%
Changzhou .....	13.5	17.0	18.5	20.0	21.9	27.1	30.5	14.5%
Nantong .....	9.4	11.5	15.1	15.5	19.2	19.2	30.8	21.8%
Yangzhou .....	19.5	19.5	20.1	19.1	22.4	28.9	33.6	9.5%
Taizhou .....	4.0	5.9	10.0	8.8	10.9	12.8	13.9	22.8%
Zhejiang Province:								
Hangzhou .....	34.8	36.1	36.2	36.7	42.5	48.8	50.3	6.3%
Ningbo .....	19.5	19.5	20.1	19.1	22.4	28.9	33.6	9.5%
Shaoxing .....	10.2	12.2	12.3	13.0	14.7	20.0	22.4	14.0%
Huzhou .....	6.9	7.3	7.5	8.3	9.7	11.5	13.0	11.0%
Zhoushan .....	2.7	2.9	2.9	3.1	4.0	5.2	6.0	13.9%

Source: China Index Academy

	Total Residential GFA Completed							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Shanghai .....	26.7	27.5	17.6	15.1	14.0	15.5	16.1	-8.3%
Jiangsu Province:								
Suzhou .....	14.8	14.8	13.8	14.1	11.2	9.2	13.9	-1.1%
Changzhou .....	3.0	4.9	5.4	5.5	4.9	4.6	6.4	13.7%
Nantong .....	3.1	3.4	5.0	4.4	5.2	5.3	6.1	11.9%
Yangzhou .....	2.4	2.6	4.2	4.3	3.7	3.7	4.4	11.0%
Taizhou .....	1.6	1.6	3.2	2.2	3.3	2.6	3.5	14.0%
Zhejiang Province:								
Hangzhou .....	6.3	7.7	7.7	6.3	8.0	8.4	6.7	1.2%
Ningbo .....	5.6	4.8	5.9	4.2	3.8	4.9	5.3	-0.8%
Shaoxing .....	2.7	2.5	2.7	3.3	2.2	2.7	3.4	4.0%
Huzhou .....	2.5	1.3	1.4	1.7	1.9	1.6	1.3	-9.8%
Zhoushan .....	0.9	1.0	0.8	0.5	1.0	0.5	1.5	9.4%

Source: China Index Academy

## INDUSTRY OVERVIEW

### Total Residential GFA Sold

	2006	2007	2008	2009	2010	2011	2012	CAGR
	sq.m. million							
Shanghai .....	21.4	26.9	15.5	26.4	15.8	13.1	14.4	-6.4%
Jiangsu Province:								
Suzhou .....	11.9	16.6	8.9	20.1	11.5	9.4	12.6	0.9%
Changzhou .....	4.1	5.2	4.3	8.0	7.8	6.0	6.7	8.5%
Nantong .....	4.1	4.5	4.1	6.0	6.7	4.8	6.3	7.5%
Yangzhou .....	3.2	3.9	2.9	4.7	5.8	5.1	5.4	8.8%
Taizhou .....	2.3	2.6	3.0	3.6	4.6	3.9	2.8	3.6%
Zhejiang Province:								
Hangzhou .....	6.8	10.4	6.8	13.1	8.0	6.0	9.2	5.2%
Ningbo .....	5.1	6.6	3.6	6.5	5.0	3.4	4.6	-1.8%
Shaoxing .....	3.2	4.1	1.8	4.1	5.0	4.0	4.0	3.5%
Huzhou .....	2.0	2.4	1.6	3.6	3.2	2.8	2.3	2.7%
Zhoushan .....	0.8	1.3	0.7	1.5	1.1	1.2	0.5	-6.6%

Source: China Index Academy

### Total Residential Property Transaction Volume

	2006	2007	2008	2009	2010	2011	2012	CAGR
	RMB million							
Shanghai .....	174,702	219,835	143,674	310,549	210,596	186,114	226,898	4.5%
Jiangsu Province:								
Suzhou .....	52,695	82,787	49,258	127,375	93,251	85,274	113,428	13.6%
Changzhou .....	14,868	19,369	17,665	35,692	44,451	37,702	43,331	19.5%
Nantong .....	11,968	15,599	13,092	24,984	31,169	26,850	34,479	19.3%
Yangzhou .....	8,741	12,368	9,907	19,858	27,250	30,494	32,362	24.4%
Taizhou .....	5,516	7,653	9,625	12,971	20,808	21,842	15,740	19.1%
Zhejiang Province:								
Hangzhou .....	40,576	77,563	55,591	139,496	113,729	76,518	122,597	20.2%
Ningbo .....	26,170	40,116	24,435	59,118	58,090	38,670	52,229	12.2%
Shaoxing .....	12,376	19,631	9,216	25,697	37,118	34,166	35,113	19.0%
Huzhou .....	6,033	9,175	6,489	18,388	19,585	17,000	15,457	17.0%
Zhoushan .....	3,265	6,002	4,115	9,624	10,982	12,690	5,425	8.8%

Source: China Index Academy

## INDUSTRY OVERVIEW

	ASP							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	RMB/sq.m.							
Shanghai .....	8,159	8,178	9,243	11,744	13,316	14,219	15,714	11.5%
Jiangsu Province:								
Suzhou .....	4,415	5,029	5,532	6,358	8,145	9,060	8,980	12.6%
Changzhou .....	3,645	3,765	4,117	4,448	5,735	6,269	6,516	10.2%
Nantong .....	2,926	3,325	3,226	4,192	4,689	5,569	5,458	10.9%
Yangzhou .....	2,696	3,201	3,446	4,254	4,681	6,007	6,025	14.3%
Taizhou .....	2,449	2,929	3,209	3,633	4,491	5,635	5,652	15.0%
Zhejiang Province:								
Hangzhou .....	5,967	7,432	8,212	10,613	14,259	12,749	13,293	14.3%
Ningbo .....	5,105	6,097	6,843	9,068	11,669	11,286	11,385	14.3%
Shaoxing .....	7,294	8,102	7,937	8,481	8,046	8,223	8,382	2.3%
Huzhou .....	3,076	3,760	4,107	5,087	6,156	6,156	6,738	14.0%
Zhoushan .....	4,083	4,809	6,091	6,493	9,488	10,689	10,203	16.5%

Source: China Index Academy

The table below sets forth the forecasted demand and supply of residential properties in the Yangtze River Delta region based on the estimated total residential GFA sold in the periods indicated:

	Estimated Total Residential GFA Sold		
	2013	2014	2015
	sq.m. million		
Shanghai.....	13.6	14.6	13.5
Jiangui Province:			
Suzhou.....	13.1	11.3	9.0
Changzhou.....	7.8	6.3	6.8
Nantong.....	6.7	6.0	5.6
Yangzhou.....	6.1	6.5	6.9
Taizhou.....	3.5	3.6	3.7
Zhejiang Province:			
Hangzhou.....	9.7	9.8	10.0
Ningbo.....	4.1	3.8	3.8
Shaoxing.....	4.5	4.6	4.8
Huzhou.....	2.8	2.9	3.0
Zhoushan.....	0.9	0.9	0.9

Source: China Index Academy



## INDUSTRY OVERVIEW

### MARKET FOCUS – TIANJIN AND CHONGQING

#### *Overview*

In addition to the Yangtze River Delta region, we have also expanded our footprint into Tianjin and Chongqing. Both of these cities belong to the five national central cities along with Shanghai, Beijing and Guangzhou, which represent the leading cities in the PRC. In addition, both Tianjin and Chongqing are centrally direct-controlled municipalities in the PRC under the direct administration of the central government.

#### *Tianjin*

Tianjin borders Hebei Province and Beijing, bounded to the east by the Bohai Gulf portion of the Yellow Sea. Tianjin is part of the Bohai Economic Rim and is the largest coastal city in northern China, and is the fourth largest in terms of population in China, and serves as a major seaport and gateway to Beijing. From 2006 to 2012, Tianjin's nominal GDP grew at a CAGR of 19.8%, its fixed asset investment grew at a CAGR of 29.9% and per capita disposable income of urban households grew at a CAGR of 12.9%. The table below sets forth certain general economic statistics for Tianjin for the periods indicated:

	Nominal GDP							
	2006	2007	2008	2009	2010	2011	2012	CAGR
	RMB million							
Tianjin .....	435,915	505,040	635,438	752,185	910,883	1,130,728	1,288,518	19.8%

Source: China Index Academy

	Per Capita Disposable Income of Urban Households							
	2006	2007	2008	2009	2010	2011	2012	CAGR
	RMB							
Tianjin .....	14,283	16,357	19,423	21,402	24,293	26,921	29,626	12.9%

Source: China Index Academy

	Urbanization							
	2006	2007	2008	2009	2010	2011	2012	CAGR
	%							
Tianjin .....	75.7	76.3	77.2	78.0	79.6	80.5	81.6	-

Source: China Index Academy

	Fixed Asset Investment							
	2006	2007	2008	2009	2010	2011	2012	CAGR
	RMB million							
Tianjin .....	184,980	238,864	340,411	500,632	651,142	751,067	887,131	29.9%

Source: China Index Academy

## INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the residential real estate market of Tianjin for the periods indicated:

	Total Residential GFA Under Development							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Tianjin .....	34.0	37.5	43.1	45.2	51.2	66.2	69.2	12.6%

Source: China Index Academy

	Total Residential GFA Completed							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Tianjin .....	13.1	14.0	14.9	15.8	16.0	16.5	19.1	6.5%

Source: China Index Academy

	Total Residential GFA Sold							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Tianjin .....	13.3	14.0	11.4	14.6	13.0	13.7	15.1	2.1%

Source: China Index Academy

	Total Residential Property Transaction Volume							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	RMB million							
Tianjin .....	61,951	78,163	63,557	96,536	103,432	116,736	121,057	11.8%

Source: China Index Academy

	ASP							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	RMB/sq.m.							
Tianjin .....	4,649	5,576	5,598	6,605	7,940	8,548	8,010	9.5%

Source: China Index Academy

## INDUSTRY OVERVIEW

The table below sets forth the forecasted demand and supply of residential properties in Tianjin based on the estimated total residential GFA sold in the periods indicated:

	Estimated Total Residential GFA Sold		
	2013	2014	2015
		sq.m. million	
Tianjin.....	14.5	14.7	14.9

Source: China Index Academy

### *Chongqing*

Chongqing is the only centrally direct-controlled municipalities in the PRC that is located in inland China. Chongqing is located within Sichuan Province and is the largest direct-controlled municipality, with significant history and culture and serves as the economic center of mid-western China. It is a major manufacturing center and transportation hub in China and is considered as one of the top economic centers in China. From 2006 to 2012, Chongqing's nominal GDP grew at a CAGR of 19.6%, its fixed asset investment grew at a CAGR of 25.1% and per capita disposable income of urban households grew at a CAGR of 12.1%. The table below sets forth certain general economic statistics for Chongqing for the periods indicated:

	Nominal GDP							CAGR
	2006	2007	2008	2009	2010	2011	2012	
				RMB million				
Chongqing .....	390,723	467,613	579,366	653,001	792,558	1,001,137	1,145,900	19.6%

Source: China Index Academy

	Per Capita Disposable Income of Urban Households							CAGR
	2006	2007	2008	2009	2010	2011	2012	
				RMB				
Chongqing .....	11,570	12,591	14,368	15,749	17,532	20,250	22,968	12.1%

Source: China Index Academy

	Urbanization							CAGR
	2006	2007	2008	2009	2010	2011	2012	
				%				
Chongqing .....	46.7%	48.3%	50.0%	51.6%	53.0%	55.0%	57.0%	-

Source: China Index Academy

	Fixed Asset Investment							CAGR
	2006	2007	2008	2009	2010	2011	2012	
				RMB million				
Chongqing .....	245,184	316,151	404,525	531,792	693,480	768,587	938,000	25.1%

Source: China Index Academy

## INDUSTRY OVERVIEW

The table below sets forth key statistics relating to the residential real estate market of Chongqing for the periods indicated:

	Total Residential GFA Under Development							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Chongqing .....	66.6	81.8	91.7	103.4	137.5	159.2	170.0	16.9%

Source: China Index Academy

	Total Residential GFA Completed							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Chongqing .....	17.0	17.7	19.5	23.9	21.8	28.3	33.9	12.2%

Source: China Index Academy

	Total Residential GFA Sold							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	sq.m. million							
Chongqing .....	20.1	33.1	26.7	37.7	39.9	40.6	41.1	12.6%

Source: China Index Academy

	Total Residential Property Transaction Volume							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	RMB million							
Chongqing .....	41,870	85,673	70,482	123,171	161,064	182,541	197,242	29.5%

Source: China Index Academy

	ASP							CAGR
	2006	2007	2008	2009	2010	2011	2012	
	RMB/sq.m.							
Chongqing .....	2,081	2,588	2,640	3,266	4,040	4,492	4,805	15.0%

Source: China Index Academy

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## INDUSTRY OVERVIEW

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The table below sets forth the forecasted demand and supply of residential properties in Chongqing based on the estimated total residential GFA sold in the periods indicated:

	Estimated Total Residential GFA Sold		
	2013	2014	2015
		<b>sq.m. million</b>	
Chongqing.....	42.5	43.6	44.7

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Source: China Index Academy

### PRICES OF KEY CONSTRUCTION MATERIALS

According to the public information available from Bloomberg, annual average market price of steel increased from RMB4,084 per ton in 2010 to RMB4,705 per ton in 2011 and decreased to RMB3,916 per ton in 2012. In the first six months ended June 30, 2013, average market price of steel amounted to RMB3,611 per ton. Price of coking coal, a major component in the production of concrete, increased from RMB1,931 per ton in 2010 to RMB2,034 per ton in 2011 and decreased to RMB1,750 per ton in 2012. In the first six months ended June 30, 2013, average market price of coking coal was RMB1,618 per ton.

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## OUR HISTORY AND REORGANIZATION

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### HISTORY AND DEVELOPMENT

#### *Our History*

##### **Overview**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 7, 2013. We are one of the leading residential real estate developers in the Yangtze River Delta region that have their primary business focus in that region. Jingrui Properties (Group) is the onshore holding company of our Group, and we have established a number of intermediate investment companies in the PRC to hold some of our project companies. Each of our real estate developments is carried out through a project company.

##### **Jingrui Properties (Group)**

The history of our Group dates back to 1993, when Shanghai Jingrui Property Development Company (上海景瑞房地產發展公司), the predecessor entity of Jingrui Properties (Group) was established in September 1993. Mr. Chen was the legal representative and Mr. Yan was the general manager of the predecessor entity and have remained in the same positions for Jingrui Properties (Group) since its establishment 20 years ago. Mr. Chen and Mr. Yan have together managed, and continue to manage, our Group in a highly consensual manner and exercise their voting rights jointly. Their 20-year involvement in our business has enabled us to maintain our strong focus on offering housing targeted at first time purchasers and those purchasing to upgrade their existing living condition. As at November 2002, Mr. Chen (partly through his direct interest and partly through Yangpu Wanbaolong) and Mr. Yan, (partly through his direct interest and partly through Yangpu Saiente) had each become a controlling shareholder of Jingrui Properties (Group), and have remained our controlling shareholders ever since. The investments in Jingrui Properties (Group) by Mr. Chen and Mr. Yan were financed by their own funds.

As at January 1, 2010, the start of our Track Record Period, Mr. Chen owned 37.13% and Mr. Yan owned 37.06% in Jingrui Properties (Group). The remaining interests were held by Tianjin Yi An (20.3%) and ten individuals, who were past or current employees or directors of our subsidiaries. Tianjin Yi An is an investment vehicle which was at that time wholly owned by El Investment, an institutional investment management company based in Chicago and an independent third party, who, to the best of our knowledge, does not have any other past or present relationship with our Group, our Shareholders, Directors, senior management and their respective associates, save for being a former shareholder of Jingrui Properties (Group). El Investment was first introduced to the Group by an independent third party who had previously cooperated with our Group in our business expansion plans. El Investment subsequently decided to invest in our Group in 2006 based on its understanding and assessment of our Group. El Investment's initial investment in Jingrui Properties (Group) through Tianjin Yi An was based on Jingrui Properties (Group)'s earnings at that time, which was negotiated at arms' length and on normal commercial terms.

Following a capital increase in June 2012 and the transfer by a past employee of his 1.2% interest to Mr. Yan in October 2012, Jingrui Properties (Group) was owned by Mr. Chen (37.13%), Mr. Yan (38.26%), Tianjin Yi An (20.30%) and nine individuals. There were no other changes in the capital of Jingrui Properties (Group) during the Track Record Period and up to the Reorganization described below.

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## OUR HISTORY AND REORGANIZATION

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### Our Milestones

The following is a summary of our Group's key business development milestones:

Year	Event
1993	<ul style="list-style-type: none"><li>Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) was established in Shanghai.</li><li>We started acquiring land in Shanghai and completed the development of Jingrui Garden, our first project in Shanghai, in 1997.</li></ul>
2005	<ul style="list-style-type: none"><li>We commenced the development of Chongqing Jingrui Blue Vally, our first project in Chongqing.</li></ul>
2006	<ul style="list-style-type: none"><li>We started acquiring land in Jiangsu Province and commenced the development of Changzhou Jingrui Dawn City, our first project in Jiangsu Province.</li><li>We started acquiring land in Zhejiang Province and commenced the development of Zhoushan Jingrui HOPSCA, our first project in Zhejiang Province.</li></ul>
2007	<ul style="list-style-type: none"><li>Equity International invested in Jingrui Properties (Group).</li><li>We started acquiring land in Tianjin and commenced development of Tianjin Jingrui Sunny City, our first project in Tianjin.</li></ul>
2008	<ul style="list-style-type: none"><li>We were first awarded one of the China Top 100 Real Estate Developers (中國房地產百強企業)<sup>(1)</sup>. We have received the same award in 2009, 2011, 2012 and 2013.</li></ul>
2010	<ul style="list-style-type: none"><li>We were awarded one of the Top 10 Real Estate Developers by Brand Value in the region of East China (中國華東房地產公司品牌價值 TOP 10)<sup>(2)</sup>. We received the same award in 2011.</li></ul>

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*Notes:*

(1) Awarded by Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院).

(2) Awarded by Enterprise Research Institute of Development Research Centre of the State Council (國務院發展研究中心企業研究所), Institute of Real Estate Studies of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院).

## OUR HISTORY AND REORGANIZATION

### Our PRC Subsidiaries

Set forth below are details of our PRC Subsidiaries:

#### *Project Companies*

Name	Project	Date of Incorporation	Beneficial Ownership
<b>COMPLETED PROJECTS</b>			
<b>Shanghai Projects</b>			
Shanghai Garden City	Shanghai Garden City	April 27, 2000	100%
Shanghai Lijing	Shanghai Hongyun Garden	October 18, 2000	100%
Shanghai Jingshang	Shanghai Jingrui Softshore City	April 8, 2008	100% <sup>(1)</sup>
Shanghai Jingxiang	Shanghai Jingrui Life Square	April 9, 2004	100%
Shanghai Jingxiu	Shanghai Xuhui New Town	July 13, 2001	100% <sup>(2)</sup>
<b>Zhejiang Projects</b>			
Huzhou Jingrui	Huzhou Jingrui Cin Cinnatti	August 20, 2007	100%
<b>Chongqing Project</b>			
Chongqing Jingkang	Chongqing Jingrui Blue Vally	July 20, 2005	100%
<b>PROJECTS UNDER DEVELOPMENT AND FUTURE DEVELOPMENT</b>			
<b>Shanghai Projects</b>			
Shanghai Huajiang	Shanghai Jingrui Fair Town	August 16, 2002	40% <sup>(3)</sup>
Shanghai Fengxiang	Shanghai Fengxiang Project	June 23, 1998	80% <sup>(4)</sup>
<b>Zhejiang Projects</b>			
Zhoushan Jingrui	Zhoushan Jingrui HOPSCA	February 16, 2006	100%
Zhoushan Jingshang	Zhoushan Jingrui Peninsula Bay	August 17, 2010	100%
Huzhou Jingshang	Huzhou Jingrui Dignity Mansion	May 12, 2011	100%
Shaoxing Jingrui	Shaoxing Jingrui Dignity Mansion	June 27, 2011	100%
Shaoxing Jingkang	Shaoxing Jingrui Dignity Mansion	January 17, 2012	100%
Shaoxing Jingxiang	Shaoxing Jingrui Dignity Mansion	January 17, 2012	100%
Shaoxing Jinghu	Shaoxing Jingrui The Mansion	January 25, 2013	100% <sup>(1)</sup>
Zhuji Jingrui	Shaoxing Jingrui Nobility Mansion	June 19, 2013	100% <sup>(1)</sup>
Hangzhou Jingyue	Hangzhou Jingrui Royal Bay	March 1, 2013	100% <sup>(1)</sup>
Hangzhou Jinghang	Hangzhou Liangshu Project	August 14, 2013	51% <sup>(5)</sup>
Ningbo Jingrui	Ningbo Jingrui Dignity Mansion	February 20, 2013	100% <sup>(1)</sup>
<b>Jiangsu Projects</b>			
Changzhou Jingshen	Changzhou Jingrui Dawn City Changzhou Jingrui England County	April 14, 2006	100%
Taicang Jingrui	Suzhou Jingrui Royal Bay	December 25, 2007	100%
Taicang Jingshang	Suzhou Jingrui Jade Bay	January 6, 2010	65% <sup>(6)</sup>
Taizhou Jingrui	Taizhou Jingrui Royal Bay	November 17, 2009	100%
Nantong Jingrui	Nantong Jingrui Dignity Mansion	January 26, 2010	100%



## OUR HISTORY AND REORGANIZATION

Name	Project	Date of Incorporation	Beneficial Ownership
Yangzhou Jingrui	Yangzhou Jingrui Dignity Mansion	April 8, 2013	100% <sup>(1)</sup>
Nantong Jingshang	Nantong Jingrui Nobility Mansion	July 2, 2013	100% <sup>(1)</sup>
Suzhou Jinglong	Suzhou Wuzhong Project	October 10, 2013	100%
<b>Tianjin Projects</b>			
Tianjin Jingxiu	Tianjin Jingrui England County	July 24, 2007	100%
Tianjin Jingshang	Tianjin Jingrui Sunny City	August 14, 2007	100%
<b>Chongqing Projects</b>			
Chongqing Jingshang	Chongqing Jingrui Royal Bay	December 6, 2012	100% <sup>(1)</sup>

*Notes:*

- (1) These project companies are subject to trust financing arrangements.
- (2) Shanghai Jingxiu used to be a jointly controlled entity of us, which became a wholly owned subsidiary of us since June 2013 after we acquired the aggregate 60% equity interests in Shanghai Jingxiu on June 14, 2013.
- (3) The remaining interests in Shanghai Huajiang are owned as to 30% by Shanghai South Real Estate Co., Ltd., 20% by Shanghai Jiading Properties (Group) Co., Ltd., 5% by Shanghai Oasis Investment Holding Group Limited, 2.5% by Shanghai Jiangqiao Development Co., Ltd. and 2.5% by Shanghai Zongquan Real Estate Co., Ltd., which are independent third parties. We are currently the largest shareholder of Shanghai Huajiang. We entered into a written concert party agreement with each of Shanghai South Real Estate Co., Ltd. and Shanghai Zongquan Real Estate Co., Ltd. in July 2013, pursuant to which they confirmed that they have voted, and undertook to continue to vote, consistently with us on all substantive decisions relating to operating and financing policies of Shanghai Huajiang for as long as they are shareholders. As such, Shanghai Huajiang is accounted for as a subsidiary in our consolidated financial statements, as discussed in Note 37(e) of Appendix I. Our PRC legal adviser, Commerce & Finance Law Offices, is of the opinion that the concert party agreements are legally binding, valid and enforceable.
- (4) The remaining interests in Shanghai Fengxiang are owned as to 9% by Mr. Gu Jiabin and 11% by Ms. Zhang Bei, who are both independent third parties.
- (5) The remaining interests in Hangzhou Jinghang are owned by Shanghai Jiacan Investment Co., Ltd., which is an independent third party.
- (6) The remaining interests in Taicang Jingshang are owned as to 20% by Shanghai Jiading Properties (Group) Co., Ltd., 10% by Shanghai Oasis Investment Holding Group Limited and 5% by Shanghai Juhe Investment Management Co., Ltd., which are independent third parties.

We also have a 51% equity interest in Changzhou Jingshang, which is accounted for in our consolidated financial statements as a jointly controlled entity. Changzhou Jingshang is the project company for our Changzhou Jingrui Dignity Mansion.

*Other PRC Subsidiaries*

Name	Principal Activity	Date of Incorporation	Beneficial Ownership
Hainan Jingshang	Investment holding	April 17, 2013	100%
Hainan Jingshen	Investment holding	May 14, 2013	100%
Quan Yi Tianjin	Investment holding	June 25, 2007	100%
Tianjin Yi An	Investment holding	August 15, 2007	100%
Shanghai Jingrui	Investment holding	July 22, 2003	100%
Shanghai Jingrui Investment	Investment holding	December 9, 2009	100%
Shanghai Chengjing	Investment holding	April 28, 2010	100%
Shanghai Ruijun	Investment holding	February 16, 2013	100%

## OUR HISTORY AND REORGANIZATION

Name	Principal Activity	Date of Incorporation	Beneficial Ownership
Shanghai Ruiye	Investment holding	February 16, 2013	100%
Shanghai Ruiyou	Investment holding	February 16, 2013	100%
Shanghai Ruixu	Investment holding	February 16, 2013	100%
Shanghai Ruizheng	Investment holding	February 16, 2013	99% <sup>(1)</sup>
Shanghai Ruibin	Investment holding	April 16, 2013	99% <sup>(1)</sup>
Shanghai Ruichen	Investment holding	April 16, 2013	100%
Shanghai Ruice	Investment holding	April 16, 2013	100%
Shanghai Ruicen	Investment holding	April 16, 2013	100% <sup>(2)</sup>
Shanghai Ruicui	Investment holding	April 16, 2013	100%
Shanghai Jiahe	Investment holding	July 8, 2013	100%
Shanghai Jiachun	Investment holding	July 8, 2013	100%
Shanghai Jiabang	Investment holding	July 8, 2013	100%
Shanghai Jiajing	Investment holding	July 10, 2013	100%
Shanghai Jiaguan	Investment holding	July 10, 2013	100%
Shanghai Jialing	Investment holding	July 10, 2013	100%
Shanghai Jiamu	Investment holding	July 10, 2013	100%
Shanghai Jiamu (2)	Investment holding	July 11, 2013	100%
Shanghai Jiajie	Investment holding	July 10, 2013	100%
Shanghai Jingbo	Investment holding	November 26, 2012	100% <sup>(2)</sup>
Shanghai Jingji	Investment holding	November 26, 2012	100% <sup>(2)</sup>
Shanghai Jingyi	Investment holding	November 26, 2012	100% <sup>(2)</sup>
Shanghai Jingrui Property Management	Property management	December 31, 1996	100%
Shanghai Jingrui Agency	Real estate agency	November 19, 1999	100%
Shanghai Lichen	Building decoration engineering	November 4, 2011	100%
Shanghai Youmao	Hardware and building materials	August 14, 2012	100%
Shanghai Jingrui Commercial	Investment management	May 11, 2012	100%
Jingshen Culture	Culture development	July 15, 2013	100%

*Notes:*

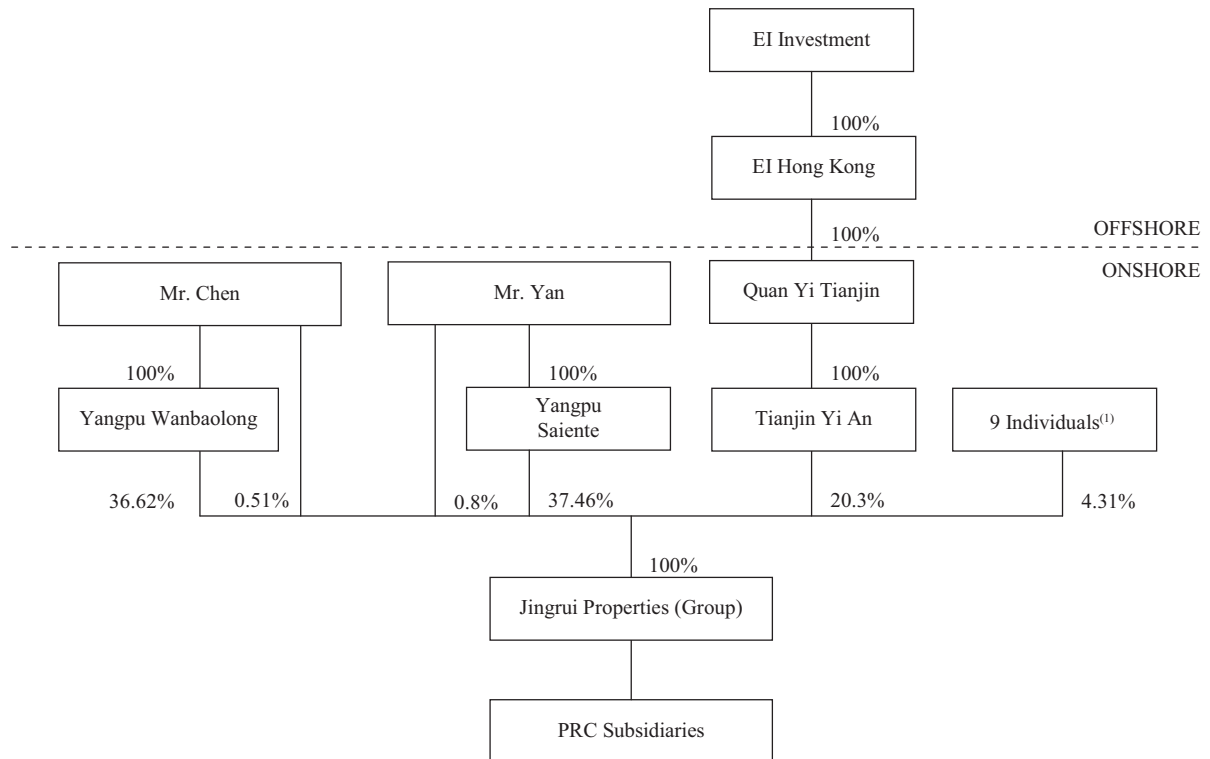
- (1) The remaining 1% interest in Shanghai Ruizheng and Shanghai Ruibin are held by Yangpu Wanbaolong and Yangpu Saiente respectively.
- (2) The equity interests in the subsidiaries were transferred as collateral to the relevant trust financing providers for the relevant trust financing arrangements through capital injection by the underlying trust financing providers or the transfer of equity interests by us with repurchase obligation.

# OUR HISTORY AND REORGANIZATION

## REORGANIZATION

In anticipation of our Listing, we underwent a reorganization (the “**Reorganization**”) to implement a structure whereby our Company became the holding company of our Group.

Set forth below is our corporate structure immediately before the start of the Reorganization:



*Note:*

(1) The nine individuals are past or current employees and include a director and a general manager of our project subsidiaries.

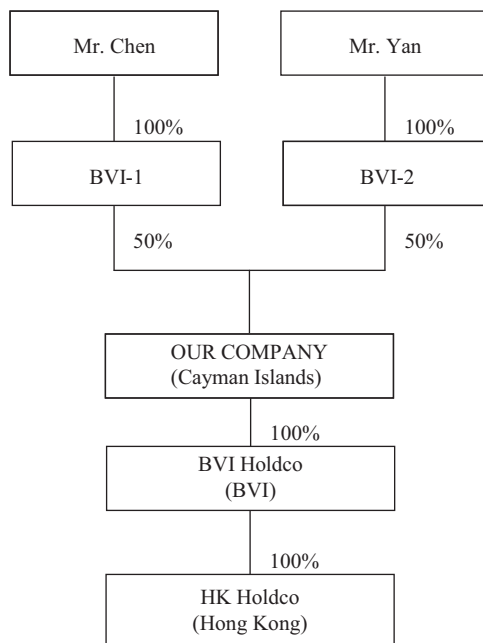
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## OUR HISTORY AND REORGANIZATION

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### Setting up the offshore structure

Mr. Chen and Mr. Yan established an offshore structure as follows:



Following establishment of the offshore structure, BVI-1 and BVI-2 held 2,472,198 Shares and 2,527,802 Shares, respectively, for an aggregate consideration of US\$43,507,822.65 in cash. Subsequently, our Company issued 211,735 Shares, at par, to BVI-3, BVI-4, and seven individuals who are current or past employees of our Group, representing 1.50%, 0.25%, 1.13%, 0.50%, 0.38%, 0.25%, 0.04%, 0.01% and 0.01% of our issued share capital. BVI-3 and BVI-4 are owned by a director and a general manager of our project subsidiaries (and are therefore our connected persons). Following the issuance, the shareholdings of BVI-1 and BVI-2 were diluted to 47.44% and 48.50%, respectively.

On April 2, 2013, BVI Holdco entered into an agreement with EI Investment to acquire 100% of EI Hong Kong (which indirectly held a 20.30% interest in Jingrui Properties (Group)) for a consideration of US\$41.50 million. We were informed by EI Investment that EI Investment decided to exit from its investment in the Group as a result of its normal course of ongoing portfolio management activity and monetization philosophy. The transfer was completed on May 3, 2013.

### Onshore reorganization

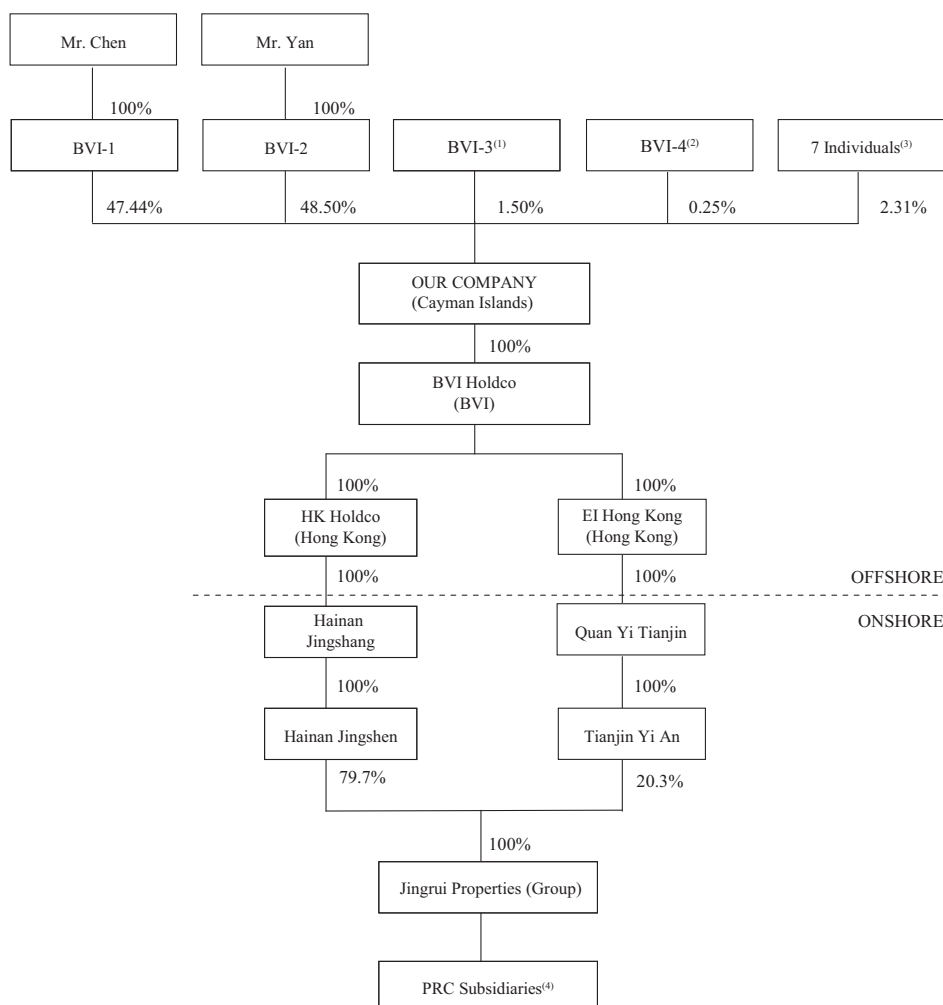
The onshore reorganization involved the following steps:

- On March 20, 2013, Mr. Chen and Mr. Yan transferred their direct interests of 1.31% in Jingrui Properties (Group) to Yangpu Wanbaolong and Yangpu Saiente, respectively, for an aggregate consideration of RMB8,131,357, equivalent to the corresponding amount of registered capital in Jingrui Properties (Group).
- On April 6, 2013, the nine individuals transferred their aggregate 4.31% interest in Jingrui Properties (Group) to Yangpu Wanbaolong and Yangpu Saiente for RMB26,812,500, equivalent to the corresponding amount of registered capital in Jingrui Properties (Group).

## OUR HISTORY AND REORGANIZATION

- HK Holdco established Hainan Jingshang, a wholly foreign owned enterprise, on April 17, 2013, with a registered capital of US\$2 million.
- Hainan Jingshang established Hainan Jingshen in the PRC on May 14, 2013, with a registered capital of RMB10 million.
- On May 15, 2013, Hainan Jingshen entered into an agreement with each of Yangpu Wanbaolong and Yangpu Saiente, pursuant to which Hainan Jingshen agreed to purchase the aggregate 79.7001% interest in Jingrui Properties (Group) owned by Yangpu Wanbaolong and Yangpu Saiente for an aggregate consideration of RMB313,000,430. The consideration was based on an independently appraised value of Jingrui Properties (Group). The transfer was completed on May 15, 2013.

Set forth below is our corporate structure upon completion of the Reorganization and as at the Latest Practicable Date:



## OUR HISTORY AND REORGANIZATION

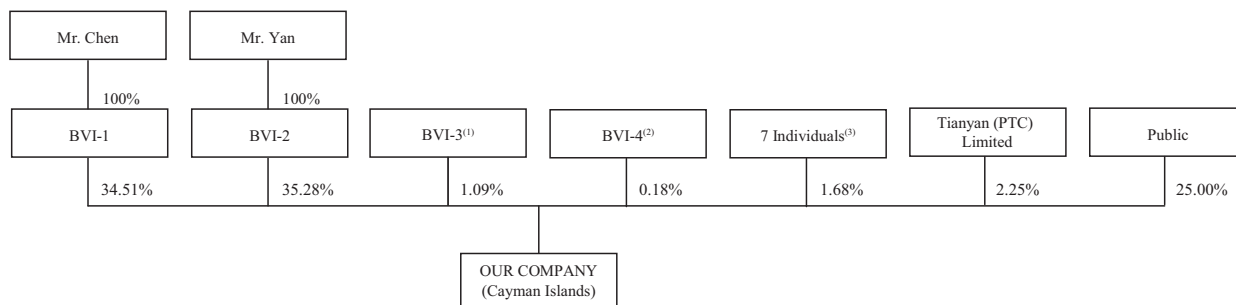
*Notes:*

- (1) BVI-3 is owned by SHI Huijuan, a general manager of one of our project subsidiaries, and therefore a connected person. The Shares owned by BVI-3 are not part of the public float.
- (2) BVI-4 is owned by YU Peide, a director of one of our project subsidiaries, and therefore a connected person. The Shares owned by BVI-4 are not part of the public float.
- (3) ZHANG Weifeng as to 1.125%, ZHANG Liangguan as to 0.500%, HU Weiming as to 0.375%, TANG Yanfeng as to 0.250%, YANG Fei as to 0.037%, CHEN Peirong as to 0.012% and ZHENG Fang as to 0.012%. These seven individuals are past or current employees of our Group and are each an independent third party.
- (4) The PRC Subsidiaries are Shanghai Jingrui, Shanghai Ruizheng, Shanghai Ruijun, Shanghai Ruixu, Shanghai Ruiye, Shanghai Ruiyou, Shanghai Jingji, Shanghai Jingrui Investment, Shanghai Chengjing, Shanghai Garden City, Shanghai Huajiang, Shanghai Jingrui Agency, Shanghai Jingrui Commercial, Shanghai Jingrui Property Management, Shanghai Jingshang, Shanghai Jingxiang, Shanghai Lichen, Shanghai Lijing, Shanghai Youmao, Changzhou Jingshen, Chongqing Jingkang, Chongqing Jingshang, Zhoushan Jingrui, Zhoushan Jingshang, Huzhou Jingshang, Huzhou Jingrui, Taizhou Jingrui, Tianjin Jingxiu, Tianjin Jingshang, Shaoxing Jingxiang, Shaoxing Jingkang, Shaoxing Jingrui, Shaoxing Jinghu, Taicang Jingrui, Taicang Jingshang, Nantong Jingrui, Hangzhou Jingyue, Ningbo Jingrui and Yangzhou Jingrui, Shanghai Ruibin, Shanghai Ruicen, Shanghai Ruichen, Shanghai Ruice, Shanghai Ruicui, Suzhou Jinglong, Shanghai Jingxiu, Shanghai Fengxiang, Zhuji Jingrui, Nantong Jingshang, Shanghai Jiahe, Shanghai Jiachun, Shanghai Jiabang, Shanghai Jiajing, Shanghai Jiaguan, Shanghai Jialing, Shanghai Jiamu, Shanghai Jiamu (2), Shanghai Jiajie, Shanghai Jingbo, Shanghai Jingyi, Jingshen Culture and Hangzhou Jinhang.

### CORPORATE STRUCTURE

Immediately after the Capitalization Issue, 28,207,844 Shares will be allotted and issued to Tianyan Trust, the trustee of Tianyan (PTC) Limited, which holds these Shares on trust for our 113 employees pursuant the Pre-IPO Share Award Scheme. Please refer to “Appendix VI — Statutory and General Information — D. Pre-IPO Share Award Scheme” for more details.

Set forth below is our shareholding structure immediately after the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and completion of the Global Offering (assuming the Over-allotment Option is not exercised):



*Notes:*

- (1) BVI-3 is owned by a general manager of one of our project subsidiaries and therefore a connected person. The Shares owned by BVI-3 are not part of the public float.
- (2) BVI-4 is owned by a director of one of our project subsidiaries and therefore a connected person. The Shares owned by BVI-4 are not part of the public float.
- (3) The seven individuals are past or current employees of our Group.

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## OUR HISTORY AND REORGANIZATION

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### PRC REGULATORY REQUIREMENTS

Our PRC legal adviser has confirmed that all the share transfers and increases in registered capital in respect of the PRC companies in our Group as described above have obtained all relevant approvals and permits and the procedures involved are in accordance with PRC laws and regulations.

According to the “Provisions on the Takeover of Domestic Enterprises by Foreign Investors” (關於外國投資者併購境內企業的規定) (“**Circular 10**”) jointly issued by the Ministry of Commerce (商務部) (“**Ministry of Commerce**”), the State-Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the State Administration of Taxation (國家稅務總局), the China Securities Regulatory Commission (中國證券監督管理委員會) (“**CSRC**”), State Administration for Industry and Commerce (國家工商行政管理總局) and the State Administration of Foreign Exchange (國家外匯管理局) on August 8, 2006 and effective as at September 8, 2006 and subsequently amended on June 22, 2009, where a domestic natural person intends to take over his/her related domestic company in the name of an offshore company which he/she lawfully established or controls, the takeover shall be subject to the examination and approval of the Ministry of Commerce; and where a domestic natural person holds an equity interest in a domestic company through an offshore special purpose company, any transaction involving the overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC legal advisers, it is not necessary for us to obtain approval from the CSRC and the Ministry of Commerce for the Listing and trading of our Shares on the Stock Exchange as our Controlling Shareholders, Mr. Yan and Mr. Chen, have obtained foreign permanent resident status from the Republic of Burundi and the Republic of Gambia, respectively, and cancelled their residential registration in the PRC prior to the completion of our onshore reorganization, they are not considered PRC natural persons for the purposes of Circular 10, and therefore, the onshore reorganization does not need to be reported to the Ministry of Commerce. As at the Latest Practicable Date, Mr. Yan and Mr. Chen had obtained the in principle approvals for the citizenship applications of Saint Kitts and Nevis, respectively.

As further advised by our PRC legal adviser, all of the ultimate beneficiaries of our Company who are PRC residents as defined under the SAFE Circular No. 75 have completed the necessary foreign exchange registration with the local foreign exchange authority in accordance with the SAFE Circular No. 75.

### OVERVIEW

We are one of the leading regional property developers in the Yangtze River Delta. According to China Index Academy, we were ranked as one of the top 10 developers in the Yangtze River Delta region in 2012 and 2013 that derived at least 50% of their revenues from the region<sup>(a)</sup>. Headquartered in Shanghai, we have established operations in 13 cities across China, of which 11 such cities are amongst the 16 core cities in the Yangtze River Delta region identified in “The Regional Plan for the Yangtze River Delta Region” by the State Council in May 2010. According to this Regional Plan, these 16 core cities, led by Shanghai, represent leading economic cities and over 80% of the nominal GDP in the Yangtze River Delta region, and are expected to further develop as a world-class city cluster. According to China Index Academy, the total nominal GDP contributed by these 16 cities accounted for approximately 17.3% of total national nominal GDP in 2012. In addition, we have successfully expanded our footprints to Tianjin, the center of Bohai Economic Rim, and Chongqing, a major economic center in Southwest China, two fastest growing centrally direct-controlled municipalities in the PRC, and are actively seeking additional opportunities in other cities.

We have established a rapid-asset-turnover model focusing on achieving higher growth rates and investment returns while maintaining healthy margin for each of our projects. We believe the application of rapid-asset-turnover approach to our property development enhances the investment return and efficiency of our development processes. Our rapid-asset-turnover model seeks to successfully drive our projects from land acquisition, planning and construction to sales and delivery in a short period of time. Our rapid-asset-turnover model is implemented through the systematic management approach to our business. Such approach includes formulating and practicing over 200 standardized procedures divided into 17 business functions covering our entire operation, including procedures to ensure a disciplined and prudent land acquisition strategy and modularized project schedule management system that specifies the timeframe and quality standards for each milestone to be achieved during the development process. We centralized many critical aspects of our project development processes at our headquarters level, which we believe enables our local project companies to focus on their key business functions, such as ensuring our projects are constructed in a timely manner according to our strict quality standards and optimizing pre-sales/sales efforts. We have also built an extensive collection of standardized product portfolio that are constantly refined and updated pursuant to customer feedback and need, as well as established strategic relationships with over 70 contractors and suppliers. These efforts have enabled us to deliver high quality residential real estate projects that are replicable by us in a cost efficient manner, reducing the overall development timeframe and costs which enables us to optimize our investment returns and cash position.

As recognition of the success of our rapid-asset-turnover model, we were recognized as one of the top 10 property developers in China in terms of operating efficiency in 2011, 2012 and 2013 by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心). During the Track Record Period, our asset turnover ratio increased from 0.27 in 2010 to 0.34 in 2011 and

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(a) China Index Academy’s ranking of the top 10 developers with primary focus in the Yangtze River Delta region is determined by applying factor analysis methodology taking into account seven major indicators and more than 30 supplemental indicators, including a company’s scale (such as total assets and total GFA sold), profitability (such as net profit and return on total assets), growth (such as growth rate of GFA sold and growth rate of revenue from the sale of properties), operating stability (such as advanced proceeds received from customers and current ratio), financing capability (such as cash flow from financing activities and ability to increase banking facilities), operating efficiency (such as asset turnover ratio) and social responsibilities (such as taxes paid).



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further to 0.37 in 2012<sup>(a)</sup>. According to China Index Academy, the average asset turnover ratio of 16 selected major property development companies in the PRC, based on the information disclosed by such companies to the public, was 0.25 in 2012. China Index Academy selected such companies due to the facts that (i) these 16 companies are public companies, 15 of which are listed on the Stock Exchange, (ii) the sources of the information were directly from such companies, and (iii) these 16 companies are representative of and generally cover most operation scales and business models in the property development industry in the PRC.

We are a customer driven residential property developer that focuses on developing properties catering to the demand of our target customers. Our products are designed to meet the need of first-time home purchasers and those customers who are purchasing to upgrade their existing living conditions, customers that currently constitute a significant portion of all property purchasers in the PRC. As a result, our products are positioned in accordance with current market trends and government policies, and are less subjected to the restrictive government measures targeted towards the real estate industry in the PRC to curb speculative real estate investments. We believe our strategic product positioning and the continuous expanding potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, together with our rapid-asset-turnover model, had and will continue to contribute to our revenue growth and scalability.

We usually identify and pursue medium-sized land parcels with an aggregate site area of approximately 100,000 to 400,000 sq.m., which are well suited for our rapid-asset-turnover model and targeted return. We particularly focus on lands in target cities that are suitable for our standardized products and located in areas that will attract our target customers. These land sites enable us to effectively leverage our standardized operating procedures, resulting in shortened development cycle and effective control of our development costs and cash position. As at August 31, 2013, except for our Shanghai Fengxiang Project, which we acquired through the acquisition of an 80% equity interest in Shanghai Fengxiang from an independent third party, all of our other land parcels under development were acquired through public tenders, auctions or listings-for-bidding for land use rights held by local governments. Such land parcels are generally free of legal disputes or demolition and resettlement liabilities, which may have otherwise prolonged our development cycle and incur additional costs. We aim to further our growth in the Yangtze River Delta region by increasing our market penetration in existing cities and expand our coverage into other core cities in the Yangtze River Delta region, such as Nanjing.

During the Track Record Period and up to August 31, 2013, we had completed property projects or project phases located in 9 cities, with an aggregate GFA of approximately 3.3 million sq.m. As at August 31, 2013, we had property projects or project phases located in 11 cities under development, with an aggregate GFA of approximately 1.8 million sq.m. We also held an aggregate GFA of approximately 2.5 million sq.m. in 10 cities for future development. As at August 31, 2013, we had a land bank with an aggregate GFA of approximately 4.6 million sq.m. In addition, in September 2013, we obtained a confirmation letter from the Bureau of Land and Resources of Suzhou in connection with the acquisition of certain land parcels located in Suzhou, Jiangsu Province, which occupy an aggregate site area of 108,657

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(a) The asset turnover ratio is calculated by dividing revenue during the relevant period by the average of total assets as at the beginning and the end of the period, except for the asset turnover ratio of the Group in 2010 which is calculated by dividing the revenue of the Group in 2010 by the total assets of the Group in 2010 as the consolidated financial information of the Group in 2009 is not included in this prospectus.

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sq.m. with a total planned GFA of approximately 248,764 sq.m. We have not entered into the relevant land grant contract and have not obtained the relevant land use rights for such land parcels as of the Latest Practicable Date. As such, taking into account such land parcels, the total GFA of our land bank will increase to approximately 4.8 million sq.m. We believe we have accumulated a high quality land bank, which, together with new land acquisition opportunities we may identify on a rolling basis, will continue to support our sustainable growth in the long run.

We also engage in property management services through our subsidiary, Shanghai Jingrui Property Management, which provides services for all of our own development projects. Our property management services enhance the value of our projects and facilitate to further establish our reputation and brand image while improving customer loyalty and satisfaction. Pursuant to the annual customer satisfaction survey in 2012 conducted by Gallup Consulting, our overall satisfaction in 2012 is at the top end in the industry pursuant to Gallup Consulting's industry database.

### OUR STRENGTHS

We are a customer driven residential real estate developer in the PRC focused on creating value for our shareholders. We believe the following strengths have contributed to the success of our business operations and leading position in the real estate industry:

#### **Leading Position in the Residential Property Development Industry in the Yangtze River Delta Region with Strategic National Footprint**

We are one of the leading regional property developers in the Yangtze River Delta. According to China Index Academy, we were ranked as one of the top 10 developers in the Yangtze River Delta region in 2012 and 2013 that derived at least 50% of their revenues from the region. Headquartered in Shanghai, we have established operations in 13 cities across China since our inception in 1993, of which 11 such cities are amongst the 16 core cities in the Yangtze River Delta region identified in "The Regional Plan for the Yangtze River Delta Region" by the State Council in May 2010. This provides us with one of the broadest operational coverage of core cities in the Yangtze River Delta region as compared to other leading property developers focusing in the region, according to China Index Academy, and we intend to further expand such coverage to other core cities in the region.

The Yangtze River Delta region, which is comprised of Shanghai, Jiangsu Province and Zhejiang Province, is the most economically prosperous area in China, with Shanghai being one of the most important economic centers in the world. According to China Index Academy, the 16 core cities in the Yangtze River Delta region contributed approximately 17.4%, 17.4% and 17.3% of China's total nominal GDP in 2010, 2011 and 2012. According to China Index Academy, per capita disposable income of urban households in these 16 core cities reached RMB26,559, RMB30,359 and RMB34,033 in 2010, 2011 and 2012, respectively, as compared to the national per capita disposable income of urban households of RMB19,109, RMB21,810 and RMB24,565, respectively. The Yangtze River Delta region is also one of the most densely populated regions in China, presenting huge potential for the real estate market. In addition to the Yangtze River Delta region, we have also successfully entered into two of the fastest growing centrally direct-controlled municipalities in the PRC, Tianjin and Chongqing. These two cities are part of our national strategic footprint, which focuses on areas that possess at least one of the following attributes: (i) as a core economic development center in the PRC; (ii) with a strong industrial or corporate base or with strong growth potential; or (iii) undergoing accelerating urbanization.

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We believe as one of the early entrants in the real estate development industry in the Yangtze River Delta region and with our strategic coverage, we were able to gain deeper understanding of the market, customer preferences and urban planning trends of the region, and have established strong relationships with local suppliers, providing us with a first-mover advantage. Leveraging approximately 20 years of operational experience in the Yangtze River Delta region along with our leading market position, we will continue to expand our geographic presence and furthering the growth of our business in existing cities to take advantage of the continued increase in demand for high quality residential properties and property management services due to the positive synergetic effect resulting from further growth in the population, urbanization and general local economies of our target cities.

We have established a strong reputation, brand name and proven track record of developing quality residential properties in Shanghai and other core cities in the Yangtze River Delta region. Our reputation and brand name leadership in the Yangtze River Delta region is evidenced by the numerous awards we received, which include, among others:

- a top 50 real estate company in China in terms of brand value in 2013, according to China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心);
- a top 10 real estate company in Eastern China in terms of brand value in 2010 and 2011, according to the Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院); and
- a famous China real estate company brand in 2010, according to China International Real Estate & Architectural Technology Fair (中國住交會).

In addition, pursuant to the annual customer satisfaction surveys conducted by Gallup Consulting in 2012, our overall satisfaction in that year is at the top end in the industry pursuant to Gallup Consulting's industry database. We believe our reputation and brand name will continue to grow as we further increase our operations.

### ***“Rapid-Asset-Turnover” Model with Systematic Management Approach Aiming at Maximizing Economic Returns and Optimizing Cash Position***

We have established a rapid-asset-turnover model focusing on achieving higher growth rates and investment returns while maintaining healthy margin for each of our projects. We believe the application of rapid-asset-turnover approach enhances the investment return and efficiency of our development processes. As a result, we engage in disciplined and proficient land acquisition practices, prompt construction and development processes and swift pre-sales/sales strategies, with the aim to drive our projects from land acquisition to sales and delivery in a short period of time.

Our rapid-asset-turnover model is implemented through our systematic management approach which includes formulating and practicing over 200 standardized procedures divided into 17 business functions covering our entire operation, from site selection and land acquisition, market monitoring, project planning and design, construction and quality control, cost control, contract management, sales and marketing as

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well as customer services. Our systematic management approach also centralized many critical aspects of our project development processes at our headquarters level, including project selection and approval, contractor selection, construction material procurement, product design and pre-sales/sales strategies. This led to the establishment of an extensive collection of standardized product designs, components and modules and strategic relationships with over 70 qualified third-party contractors and suppliers pre-approved through stringent selection processes.

We believe our rapid-asset-turnover model and systematic management approach has enabled us to build extensive support at our headquarters level that empowers the daily operations of our local project companies. Our project companies can in term focus on expansion and their key business functions, such as quickly identifying potential land opportunities, ensuring timely project execution and quality and optimizing pre-sales/sales efforts. Such approach enables us to shorten project development cycle, reduce the cash collection cycle for each of our project, reduce development costs while improving total sales volumes, thus leading to optimized investment returns and operating cash inflow. We are also able to better ensure the optimal allocation of resources as a result.

For example, leveraging our feasibility study process based on our standardized analysis modules, coupled with the constant market monitoring efforts pursuant to our established procedures, we and our local project companies are able to quickly identify land acquisition opportunities suitable for our standardized products and target customers, in terms of size, location and estimated development costs. Such land opportunities will in turn reduce time spent on project planning and design. Our strategic relationship with third-party contractors and suppliers also shorten the amount of time required to commence construction and source the relevant raw materials, while ensuring quality. Our standardized product portfolio enables our products to become highly replicable by us, which enhances our ability to efficiently develop additional properties to capitalize on the constantly growing population and purchasing power in our target cities.

During our Track Record Period, our asset turnover ratio<sup>(a)</sup> was 0.27, 0.34 and 0.37, respectively, for the years ended December 31, 2010, 2011 and 2012. As a result of our “rapid-asset-turnover” model, we were recognized as one of the top 10 property developers in China in terms of operating efficiency in 2011, 2012 and 2013 by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

### ***Customer Driven Focus Targeting First Time Home Purchasers or Home Upgraders***

We believe a key contributor to our success is our focus on delivering products and developing properties that cater to the demand of our target customers. As a result, our property development processes, starting from land selection and acquisition to project planning and design, are centered on the preferences and need of such target customers. During site selection, we only pursue land opportunities that will meet the need of our customers, meaning sites at location where our customers will want to live in.

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(a) The asset turnover ratio is calculated by dividing revenue during the relevant period by the average of total assets as at the beginning and the end of the period, except for the asset turnover ratio of the Group in 2010 which is calculated by dividing the revenue of the Group in 2010 by the total assets of the Group in 2010 as the consolidated financial information of the Group in 2009 is not included in this prospectus.

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In addition, our land acquisition strategy involves identifying sites that closely complements our standardized product portfolio, which are developed through continuously research as to our target customers' need and preferences. Our products are continuously fine-tuned based on customer feedback through extensive after-sales surveys, and also through market research as to the latest trend and development. In addition, we established a product research facility where we invite prospective customers to provide their perception to our model units and will adjust our product portfolio accordingly. We believe our two main standardized series of residential properties, namely Royal Bay (御藍灣) and Dignity Mansion (望府), can cater to the need of our targeted customers in various locations who aspires for cost effective, high quality residential units that provide strong functionality with a comfortable living environment.

In addition, the current macro real estate policies in China are focused on curbing its overheat real estate market, and in particular, speculative property investments. As such, our current products are targeted towards customers who are either first time home purchasers or those purchasing to upgrade their home, products that are positioned in accordance with current market trends and government policies. We believe such products are thus less affected by the restrictive regulations and policies introduced by the PRC government. During the Track Record Period, we focused on delivering to our customers units that are less than 144 sq.m. According to the relevant laws and regulation, 144 sq.m. is a typical threshold for residential units subject to a higher property tax rate.

### ***High Quality Land Bank Led by Discipline Land Acquisition and Prudent Business Expansion Strategies***

As at August 31, 2013, we had acquired land parcels with an aggregate site areas of approximately 3.7 million sq.m. in 13 cities, comprising 27 property developments with an aggregate GFA of approximately 7.6 million sq.m., including GFA completed, GFA under development as well as GFA held for future development. We engage a disciplined approach to land acquisition by only selecting land parcels that complement our product portfolio and meet the need of our customers, while minimizing potential legal concerns. As at August 31, 2013, except for our Shanghai Fengxiang Project, which we acquired through the acquisition of an 80% equity interest in a project company from an independent third party, all of our other land parcels under development were acquired through public tenders, auctions or listings-for-bidding for land use rights held by local governments. In addition, in September 2013, we obtained a confirmation letter in connection with the acquisition of certain land parcels located in Suzhou, Jiangsu Province, which occupy an aggregate site area of 108,657 sq.m. We have not entered into the relevant land grant contract and have not obtained the relevant land use rights for such land parcels as of the Latest Practicable Date. As such, taking into account such land parcels, the total GFA of our land bank will increase to approximately 4.8 million sq.m. Land parcels granted through such methods are generally free of legal disputes or demolition and resettlement liabilities, which may have otherwise prolonged our development cycle and incur additional costs. Furthermore, we typically identify and pursue medium-sized land opportunities, with site area usually ranging from approximately 100,000 to 400,000 sq.m. and with established transportation access and ancillary public facilities, representing sites where our target customers will want to live. Such opportunities enables us to effectively manage our land acquisition cost and also to avoid potential adverse impact on our cash flows as a result of significant initial capital commitment to any single development project. Such opportunities also enable us to better manage and shorten our project development cycle and achieve a prompt sales process. During the Track Record Period, our average unit land use rights cost based on GFA delivered was approximately 18.8%, 15.9%, 18.2% and 17.9% of our average unit selling price for 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

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We manage our expansion by prudently allocating resources in target cities and regions. We enter into new regional market in select major cities by first setting up an indigenous operation and management team that is familiar with our corporate culture and development process. We will then endeavor to develop one or two representative projects in each of such major cities we have identified. These projects will aim to establish our market presence and brand on one hand, while collecting even more in-depth market information, such as customer preferences and demands, for the evaluation of future development projects on the other. Our systematic management approach enables us to replicate our operation from one city to another at a cost efficient manner. As a result, we believe we are able to increase operational economies of scale in a new city relatively quickly while maintaining our expected return on investment.

As a result of the discipline land acquisition and business expansion strategies, we believe that we have accumulated a high quality land bank, which, together with new land acquisition opportunities we may identify on a rolling basis, will supporting our development for approximately the next four years.

### *Experienced Management Team Committed to High Corporate Governance Standard*

Our success has been, and will continue to be, dependent on our management team that has in-depth understanding of the real estate industry in China. Mr. Yan, our chairman and chief executive officer, has over 20 years of experience in real estate development in China. Our executive directors and senior management have an average of over 10 years of experience in China in their respective fields. The knowledge, experiences and execution capabilities of our management team had been recognized by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心), which named us as one of the top 10 property developers in China in terms of operating efficiency for 2011, 2012 and 2013.

In order to maintain a high level corporate governance standard, we engaged a third party consulting firm in 2007 to assist us in organizing and developing corporate governance practices, which specify the internal procedures, responsible parties and decision making processes for each key aspect of our daily operation. As at the Latest Practicable Date, we had established over 200 such standardized procedural guidances divided into 17 business functions. We have also established an investment committee, which is generally comprised of six members, including executive vice president, directors of finance, strategy, marketing and investment and the regional project company director for the relevant potential project. The investment committee is responsible for the review and approval of all potential development proposals. In addition, we have implemented a strong corporate culture that present our employees and management team with diversified and rewarding career paths.

We believe our management's extensive experience, along with their commitment to a high level corporate governance and sound business practices, will enable us to achieve sustainable long-term growth and maximize value to our shareholders, customers and employees.

### OUR STRATEGIES

We aim to be a leading brand name for residential properties in the Yangtze River Delta region as well as in the PRC and will continue to deepen our penetration in existing markets and explore new markets in selected target areas. We strive to become, in the next five years, one of the top three leading regional property developers in terms of revenue in the Yangtze River Delta region. We intend to achieve our goal by pursuing the following strategies:

#### *Continue to Implement Our Rapid-Asset-Turnover Model to Strengthen Our Market Leading Position in the Yangtze River Delta Region*

We are committed to leverage our rapid-asset-turnover model to further strengthen the growth of our business and generate value for our shareholders, while carefully monitoring the financial risks to our Group. The PRC government has implemented in recent years several policies and measures to control the growth of the residential property market. We believe our rapid-asset-turnover model, which enables us to generate cash flow during a relatively short property development process, positions us well in the current environment to provide us with high growth rate, leading to optimized investment returns to our shareholders. We expect that the demand for residential properties in the Yangtze River Delta region will remain significant due to the continuous growth of overall economy in the PRC and local population and urbanization in the region. To take advantage of such market potential, we intend to strengthen our leading position and increase market shares in the Yangtze River Delta region by expanding our operational scalability, offering more high quality residential properties and property management services and expand into additional core cities in the Yangtze River Delta region, such as Nanjing. Furthermore, we intend to replicate our success in the Yangtze River Delta region to tap into additional target markets, including the Bohai Economic Rim and major cities with significant growth in Southwest China, by leveraging our strict and systematic management approach and established brand name and reputation.

#### *Continue to Enhance Our Customer Driven Product Offerings*

Our customer driven approach focuses on developing products that meet the need and expectation of our target customers. Such customers will continue to be first time home purchasers or those purchasing to upgrade their existing living condition, as they have constituted, and will continue to constitute, the dominant portion of property purchasers in the PRC. Such customers' housing needs are expected to further increase as a result of continued economic growth and urbanization in the PRC. Therefore, we expect to optimize our product portfolio by further improving our two main standardized series of residential properties to offer high value for money products that appeals to the need of these customers to support our long-term growth. We will endeavor to deliver an increasing number of standardized designs, components and modules and further fine-tuning our products for the different geographical regions and cities to suit varying land reserves and to best appeal to target customers in different cities with their different demands and purchasing power. We will also increase the number of our product design personnel and further leverage the capabilities of our product research facility to solicit market intelligence on target customer preferences.

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### ***Continue to Increase Our Land Bank by Utilizing Prudent Land Acquisition and Evaluation Procedures***

Sufficient land reserves are essential to real estate developers. The success of our property development projects and our business operations and profitability are highly dependent on quality land acquisitions. We plan to continue implementing our prudent land acquisition strategy in order to obtain additional quality land parcels at competitive costs in cities we have established operations as well as in other strategically selected new regions. We expect to improve our internal land acquisition and evaluation procedures and further enhance our standardized analysis model for target market research. Decision as to land acquisition will be made only after comprehensive and in-depth market research and analysis with strict internal review procedures performed, taking into account criteria such as costs, size, location, available transportation, ancillary facilities and the availability of other regional resources. We expect our evaluation model to better assist our site selection and land acquisitions. We will continue to focus our site selection strategy on medium-size land parcels in and near urban development areas, with sensible pricing and strong growth potential, that we believe are suited for our rapid-asset-turnover development processes. We currently have established operations, and expect to deepen market penetration, in core cities in the Yangtze River Delta region, including Shanghai, Hangzhou, Ningbo, Suzhou and Shaoxing, and are in the process of actively exploring opportunities in additional major cities, including Nanjing. As such, we believe we are able to achieve scalability and maximize the economic return for our shareholders by enhancing the amount, quality and combination of our land bank for sustainable growth.

### ***Further Enhance Systematic Management Approach to Optimize Resource Allocation***

We will continue to enhance our systematic management approach to achieve enhanced scalability and reduce development costs. We will continue to strengthen the managerial capability at our headquarters level, which we expect will reinforce the application of our rapid-asset-turnover model, ensure the quality and efficiency of our property development in various cities and provide systematic and extensive supports for our local operations. The local companies will thus be able to further reduce the resources required to successfully manage its daily operations, while continue to increase efficiency in managing project development, marketing and sales and customer services activities. We will also continue to fortify strategic relationships with suppliers and contractors, devote resources to enhancing and modularizing key project management procedures, including procurement as well as marketing and pre-sales/sales activities, aiming at optimizing resource allocation and reducing our development and operational costs. We believe such efforts enable us to further shorten development cycle, thereby preserving sound economic returns for our shareholders.

### ***Further Enhance Our Reputation and Brand Premium and Strengthen Customer Loyalty***

We place significant emphasis on enhancing our reputation and improving brand premium, which we believe will further increase our profitability and customer satisfaction. We will continue to devote to developing high quality, comfortable living residential properties with notable architectural and landscape designs, catering to our target customers. We also expect to enhance our profile, reputation and image and aim to augment our brand equity by enhancing our existing property management services, which will amplify the value of our properties and facilitate to increase customer satisfaction and loyalty, as well as provide breadth and stability to our revenue source. In addition, we expect to leverage the evaluation and feedback collected from our customer surveys to further adjust and improve our property management services.



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Furthermore, we are in the process of increasing the rollout of our membership program. Our membership program is currently instituted at two of our projects in which purchasers of such property are automatically enrolled. Our membership program provides our customers with rewards when they purchase properties from us or recommend new customers to purchase our properties, which enables our members to receive discounts when they purchase other properties from us in the future. Our membership program also offers other premium services or activities, such as discounts with local merchants near our properties. We expect to utilize such membership program to further improve and strength our relationships with customers, build customer loyalty, foster brand awareness and enhance the efficiency of our marketing efforts, which in turn, can contribute to our revenue increase.

### *Continue to Attract, Retain and Motivate Skilled and Talented Employees*

We believe high quality employees who value our corporate culture are essential elements for our sustainable future growth. We intend to continue to attract and retain skilled and talented employees through various initiatives, including through valuable training programs, competitive compensation packages and effective performance-based evaluation and incentive system. We currently design and offer employee training programs tailor made for various positions and managerial skill levels, and will continue to fine-tune such programs to suit the unique skills and expertise of our employees. We will also further arrange for seminars and external training opportunities and sponsor continuing education programs. In addition, we will continue to enhance our corporate culture by fostering an entrepreneurial working environment and empowering our employee with greater responsibilities. We believe such an entrepreneurial culture will enhance knowledge sharing, collaboration and innovation among employees, leading to increased efficiency, foster greater loyalty, job satisfaction, engagement and commitment to their work, resulting in improved return on the overall operation of our Group.

## OUR PROPERTY PROJECTS

### *Overview of Our Current Projects*

As at August 31, 2013, our property portfolio consisted of 27 property projects with an aggregated GFA of approximately 7.6 million sq.m., that were located in 13 cities, including Shanghai, Hangzhou, Suzhou, Ningbo and other major cities in the Yangtze River Delta as well as in Tianjin and Chongqing.

As at August 31, 2013, we had completed property projects or project phases with an aggregated GFA of approximately 3.3 million sq.m., projects or project phases with an aggregate GFA of approximately 1.8 million sq.m. that were under development and an aggregate GFA of approximately 2.5 million sq.m. that were held for future development.

Except for one property project in Shanghai, namely Shanghai Jingrui Life Square, which is a commercial complex, all of our property projects developed during the Track Record Period are residential properties.

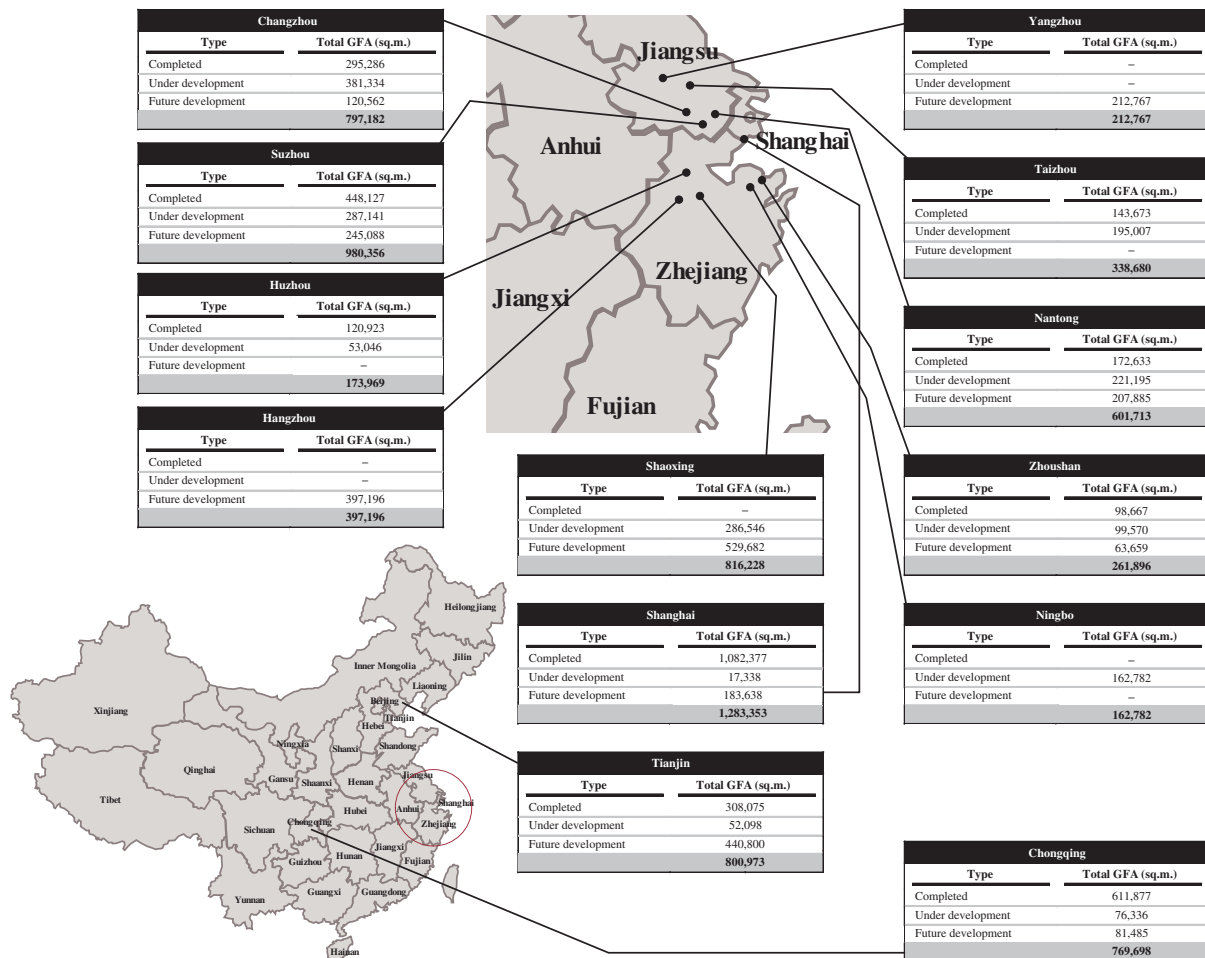
We currently offer two main standardized series of residential properties, namely Royal Bay (御藍灣) and Dignity Mansion (望府). The two series of property products differ in terms of location selection, available transportation and facilities, design and aesthetic styles, the materials and components used, pricing and target customers. The Dignity Mansion (望府) series of product typically involve the use of higher quality materials and components, and as a result, generally have a higher sales price as compared to Royal Bay (御藍灣) series of product located in comparable areas. Our Royal Bay (御藍灣) series products are usually in Mediterranean style while our Dignity Mansion series products are usually in neo-classical style. We also retain a portion of the properties we developed, primarily ancillary retail areas, office spaces and car parks, for rental or investment purpose.

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The following table sets forth each of our projects as at August 31, 2013 and the product series it belongs to:

Royal Bay (御藍灣)	Dignity Mansion (望府)	Others
Suzhou Jingrui Jade Bay	Changzhou Jingrui Dignity Mansion	Shanghai Jingrui Fair Town
Suzhou Jingrui Royal Bay	Nantong Jingrui Dignity Mansion	Shanghai Jingrui Softshore City
Nantong Jingrui Nobility Mansion	Yangzhou Jingrui Dignity Mansion	Shanghai Jingrui Life Square
Taizhou Jingrui Royal Bay	Ningbo Jingrui Dignity Mansion	Changzhou Jingrui Dawn City
Hangzhou Jingrui Royal Bay	Shaoxing Jingrui The Mansion	Changzhou Jingrui England County
Huzhou Jingrui Cin Cinnatti	Shaoxing Jingrui Dignity Mansion	Tianjin Jingrui Sunny Town
Zhoushan Jingrui HOPSCA	Huzhou Jingrui Dignity Mansion	Tianjin Jingrui England County
Chongqing Jingrui Royal Bay	Zhoushan Jingrui Peninsula Bay	Chongqing Jingrui Blue Vally
Shaoxing Jingrui Nobility Mansion	Shanghai Fengxiang Project	
Hangzhou Liangshu Project		

The following map shows the geographical locations and key information of our developments as at August 31, 2013:



### *Classifications of Our Property Projects*

We generally classify our property projects into the following three categories:

- Completed projects or project phases;
- Projects or project phases under development; and
- Projects or project phases held for future development.

A project or project phase is classified as completed when a completion certificate has been obtained from the relevant government construction authorities.

A project or a project phase is classified as under development when the required project construction commencement permits have been obtained but a completion certificate has not been obtained for all phases of the project.

A project or a project phases is considered to be held for future development when (i) we have obtained the land use rights certificate, but have not obtained the requisite construction permits or (ii) we have signed a land grant contract for the underlying parcel of land with relevant government authorities, but have not obtained relevant land use rights certificate.

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

Detailed descriptions of each of our projects as set forth in this prospectus is as at August 31, 2013, unless otherwise dated. The commencement date relating to each project or each phase of a project refers to the date construction commenced on the first building of the project or phase. The completion date set out in the descriptions of our completed projects or phases refers to the date on which the completed construction works certified report was obtained for each project or each phase of a multi-phase project. For projects or phases under development or for future development, the completion date reflects our best estimate based on our current development plans.

Site area is calculated as follows:

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

Total GFA is calculated as follows:

- for projects and phases that are completed, based upon relevant property completion certificate or property inspection report;
- for projects and phases that are under development, based upon the relevant construction work planning permit, or based upon other documentation issued by relevant government authorities if the construction work planning permit is not available; and

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- for projects and phases that are held for future development, based upon the total GFA indicated in property master plans or based on our internal records and development plans, which may be subject to change.

Total GFA as used in this prospectus is comprised of saleable GFA and non-saleable GFA. Non-saleable GFA as used in this prospectus refers to certain communal facilities and ancillary facilities, such as certain underground GFA and spaces for public securities offices, for which pre-sale permits will not be issued. Saleable GFA as used in this prospectus refers to the internal floor areas exclusive of non-saleable GFA. Saleable GFA is further divided into saleable GFA pre-sold/sold and saleable GFA unsold. A property is pre-sold when we have executed the purchase contract but yet delivered the property to the customer. A property is considered sold after we have executed the purchase contract with a customer and have delivered the property to the customer.

Total saleable GFA is calculated as follows:

- for projects and phases that are completed, based on the relevant property ownership certificate or property inspection report;
- for projects and phases under development, based upon the relevant pre-sale permit, or based on the construction work planning permit if the pre-sale permit is not available, or based upon other documentation issued by relevant government authorities if the construction work planning permit is not available; and
- for projects and phases that are held for future development, based upon our internal records and development plan. The total GFA we intend to sell does not exceed the multiple of site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from the local governments relating to the project.

Our classification of our properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Each property project or project phase may require multiple land use rights certificates, construction permits, pre-sale permits and other permits and certificates, which may be issued at different times throughout the development process. Our classification of our properties is also different from the classification of properties in the section “Property Valuation Report” in Appendix III and the section “Accountant’s Report” in Appendix I. The differences between our classification of properties and the classification of properties in the Property Valuation Report set out in Appendix III and the “Accountant’s Report” set out in Appendix I are set forth in the table below:

Our Classification	Property Valuation Report	Accountant’s Report
<ul style="list-style-type: none"> <li>• Completed projects or project phases</li> </ul>	<ul style="list-style-type: none"> <li>• Group I – Properties held by the Group for sale in the PRC</li> <li>• Group II – Property held by the Group for investment in the PRC</li> </ul>	<ul style="list-style-type: none"> <li>• Investment properties</li> <li>• Properties held or under development for sale</li> </ul>
<ul style="list-style-type: none"> <li>• Projects or project phases under development</li> </ul>	<ul style="list-style-type: none"> <li>• Group III – Properties held by the Group under development in the PRC</li> </ul>	<ul style="list-style-type: none"> <li>• Properties held or under development for sale</li> </ul>
<ul style="list-style-type: none"> <li>• Projects or project phases held for future development</li> </ul>	<ul style="list-style-type: none"> <li>• Group IV – Properties held by the Group for future development in the PRC</li> <li>• Group V – Properties contracted to be acquired by the Group in the PRC</li> </ul>	<ul style="list-style-type: none"> <li>• Prepayment for leasehold land</li> <li>• Properties held or under development for sale</li> </ul>

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### Land Bank and Property Portfolio

The following table sets forth the GFA breakdown of our property portfolio within the Track Record Period and up to August 31, 2013 in terms of usage:

	Completed		Under Development	Future Development		Total Land Bank <sup>(2)</sup>	
	Unsaleable GFA and GFA sold	GFA available for sale, lease or used by us	Total	With land use right certificates	Land use right not yet obtained <sup>(1)</sup>	Total	GFA
				in sq.m.			
Shanghai.....	1,012,485	69,891	1,082,377	17,338	–	183,638	183,638
Jiangsu Province:							
Suzhou.....	430,268	17,859	448,127	287,141	245,088	–	245,088
Changzhou..	279,873	15,413	295,286	381,334	120,562	–	120,562
Nantong....	130,724	41,909	172,633	221,195	29,336	178,549	207,885
Yangzhou..	–	–	–	–	212,767	–	212,767
Taizhou.....	135,225	8,448	143,673	195,007	–	–	–
Zhejiang Province:							
Hangzhou..	–	–	–	–	205,972	191,224	397,196
Ningbo.....	–	–	–	162,782	–	–	–
Shaoxing...	–	–	–	286,546	327,359	202,323	529,683
Huzhou.....	118,516	2,407	120,923	53,046	–	–	–
Zhoushan ..	92,017	6,650	98,667	99,570	63,659	–	63,659
Tianjin.....	226,482	81,593	308,075	52,098	440,800	–	440,800
Chongqing....	607,716	4,161	611,877	76,336	81,485	–	81,485
	<u>3,033,307</u>	<u>248,331</u>	<u>3,281,638</u>	<u>1,832,393</u>	<u>1,727,028</u>	<u>755,734</u>	<u>2,482,762</u>
							<u>4,563,486</u>

(1) We have signed a land grant contract for the underlying parcels of land but have yet obtained relevant land use right certificates.

(2) Land bank equals to the sum of (i) total GFA available for sale, lease or used by us for completed properties, (ii) total GFA for properties under development and (iii) total GFA for properties held for future development.

### Completed Projects Prior to the Track Record Period

Prior to the Track Record Period, since 1993, we had completed seven residential properties with an aggregate completed GFA of approximately 0.5 million sq.m., all of which are located in Shanghai. The following table sets forth summary of such properties.

Project	Site Area	Total GFA Completed	Actual Construction Completion Date
	in sq.m.	in sq.m.	
Jingrui Garden.....	12,243	25,791	September 1997
Hongkou Garden .....	18,225	56,817	March 2003
Hongjing Apartment .....	6,533	12,616	December 1998
Hongrui Apartment.....	6,683	12,569	August 2001
Shanghai Hongyun Garden.....	25,528	65,205	April 2003
Shanghai Garden City .....	78,516	144,298	June 2006
Xuhui New Town .....	143,384	191,214	August 2006
<b>Total.....</b>	<u><b>291,112</b></u>	<u><b>514,662</b></u>	

Projects Developed During and After the Track Record Period

The following table sets forth a summary of all our property projects and project phases developed, including projects and project phases held for future development, during and after the Track Record Period and up to August 31, 2013 unless otherwise indicated. Except for Shanghai Jingrui Life Square (上海景瑞·生活廣場), which is a commercial complex of which certain portion are currently held for investment purposes by us, the remaining projects are mainly residential property developments for sale.

Project	City	Site Area in sq.m.	Actual/Estimated Construction Date			Actual/Estimated Construction Completion Date	Actual/Estimated Pre-sale Commencement Date	Completed			Under Development			Future Development			Group's Interest in the Project as at the Valuation Date <sup>(6)</sup>	Group's Attributable Value as at the Valuation Date	Reference to Property Valuation Report	Property No.
			Actual/Estimated Construction Date	Actual/Estimated Construction Completion Date	Actual/Estimated Pre-sale Commencement Date			GFA Completed <sup>(1)</sup> in sq.m.	Saleable GFA Unsold <sup>(2)</sup> in sq.m.	GFA Under Development in sq.m.	Saleable GFA in sq.m.	Pre-Sold GFA in sq.m.	Planned GFA in sq.m.	Land Use Rights Not Yet Obtained <sup>(3)</sup> in sq.m.	Development Cost Incurred as at June 30, 2013 in RMB million	Estimated Future Development Cost in RMB million				
<b>Shanghai</b>																				
Shanghai Jingrui Fair Town (上海景瑞·嘉城), Shanghai																				
Phase 1		447,270	January 2004	July 2009	June 2004	785,867	1,450	17,338	14,688	-	-	3,077.3	72.2	40% <sup>(5)</sup>	173.2	1, 30				
Phase 2		180,093	October 2004	November 2009	December 2004	353,236	-	-	-	-	-	-	-	-	-	-	-			
Phase 3		133,850	October 2004	November 2009	December 2004	242,052	-	-	-	-	-	-	-	-	-	-	-			
Phase 4		61,246	March 2007	November 2010	October 2007	106,087	-	-	-	-	-	-	-	-	-	-	-			
Phase 5		63,636	December 2009	June 2011	August 2010	84,492	1,450	-	-	-	-	-	-	-	-	-	-			
Phase 5		8,445	January 2013	December 2014	March 2014	-	-	17,338	14,688	-	-	-	-	-	-	-	-			
Shanghai Jingrui Sofishore City (上海景瑞·樂城), Shanghai																				
Phase 1		82,529	October 2008	November 2009	August 2009	133,587	5,976	-	-	-	-	905.2	0	100%	50.0	2				
Phase 2		N.A. <sup>(6)</sup>	October 2008	November 2010	February 2010	31,839	-	-	-	-	-	-	-	-	-	-	-			
Phase 3		N.A. <sup>(6)</sup>	October 2008	November 2010	September 2010	61,323	4,403	-	-	-	-	-	-	-	-	-	-			
Phase 3		N.A. <sup>(6)</sup>	October 2008	June 2011	September 2010	40,425	1,573	-	-	-	-	-	-	-	-	-	-			
Shanghai Jingrui Life Square (上海景瑞·生活廣場), Shanghai																				
Phase 1		54,249	December 2005	August 2008	July 2007	86,856	25,442	-	-	-	-	356.0	0	100%	313.0	16				
Shanghai Fengxiang Project (上海鳳翔項目), Shanghai																				
Phase 1		79,944 <sup>(7)</sup>	August 2004	May 2005	January 2005	76,066	37,023	-	-	183,638	183,638	N.A. <sup>(7)</sup>	1,577.3	80% <sup>(8)</sup>	538.4	15, 41, 47				
Phase 2		N.A. <sup>(6)</sup>	September 2005	January 2008	March 2007	32,121	16,239	-	-	-	-	-	-	-	-	-	-			
Phase 3		N.A. <sup>(6)</sup>	January 2014	December 2015	September 2014	43,945	20,784	-	-	-	-	-	-	-	-	-	-			
Phase 3		N.A. <sup>(6)</sup>	January 2014	December 2015	September 2014	-	-	-	-	183,638	183,638	-	-	-	-	-	-			
<b>Shanghai sub-total</b>		<b>663,992</b>				<b>1,082,376</b>	<b>69,891</b>	<b>17,338</b>	<b>14,688</b>	<b>-</b>	<b>183,638</b>	<b>4,338.5</b>	<b>1,649.5</b>		<b>1,074.6</b>					
<b>Jiangsu Province</b>																				
Suzhou Jingrui Royal Bay (蘇州景瑞·萊湖藍灣), Suzhou																				
Phase 1		229,590	March 2009	September 2010	March 2009	353,086	15,363	119,012	116,095	74,840	-	2,161.6	347.6	100%	711.0	3, 17, 18				
Phase 2		N.A. <sup>(6)</sup>	June 2009	December 2011	November 2009	90,305	13,105	-	-	-	-	-	-	-	-	-	-			
Phase 3		N.A. <sup>(6)</sup>	November 2010	December 2014	January 2011	112,079	-	-	-	-	-	-	-	-	-	-	-			
Phase 3		N.A. <sup>(6)</sup>	November 2010	October 2015	November 2011	114,875	2,258	20,608	19,230	5,999	-	-	-	-	-	-	-			
Phase 4		N.A. <sup>(6)</sup>	July 2011	October 2015	November 2011	35,827	-	98,404	96,865	68,841	-	-	-	-	-	-	-			

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Project	City	Site Area in sq.m.	Actual/Estimated Construction Commencement Date			Actual/Estimated Construction Completion Date			Actual/Estimated Pre-sale Commencement Date			Completed			Under Development			Future Development			Group's Interest in the Project as at the Valuation Date <sup>(6)</sup>	Group's Attributable Value as at the Valuation Date	Reference to Property Valuation Report		
			Actual/Estimated Construction Commencement Date	Actual/Estimated Construction Completion Date	Actual/Estimated Pre-sale Commencement Date	GFA Completed <sup>(1)</sup>	GFA Unsold <sup>(2)</sup>	Saleable GFA	Pre-Sold GFA	Planned GFA	Land Use Rights Not Yet Obtained <sup>(3)</sup>	Development Cost Incurred as at June 30, 2013	Estimated Future Development Cost	GFA Under Development	Saleable GFA	Pre-Sold GFA	Planned GFA	Land Use Rights Not Yet Obtained <sup>(3)</sup>	Development Cost Incurred as at June 30, 2013	Estimated Future Development Cost				in RMB million	in RMB million
Suzhou Jingrui Jade Bay (蘇州景瑞•翡翠灣)	Suzhou	268,767	June 2010	May 2013	October 2010	95,041	2,496	135,987	37,415	245,088	-	1,418.5	1,068.8	65%	955.5	-	-	-	-	-	4, 19, 20, 34				
Phase 1		N.A. <sup>(6)</sup>	December 2010	December 2014	May 2011	54,176	379	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Phase 2		N.A. <sup>(6)</sup>	June 2012	December 2014	July 2012	40,865	2,117	61,048	9,548	-	-	-	-	-	-	-	-	-	-	-	-				
Phase 3		N.A. <sup>(6)</sup>	January 2014	December 2016	July 2014	-	-	74,939	27,867	245,088	-	-	-	-	-	-	-	-	-	-	-				
Phase 4		N.A. <sup>(6)</sup>	May 2007	December 2011	August 2007	254,494	15,413	-	-	-	-	825.5	0	100%	198.0	-	-	-	-	5					
Changzhou Jingrui Dawn City (常州景瑞•晨曦)	Changzhou	93,720	March 2010	December 2010	June 2010	40,792	-	210,306	175,087	-	-	894.8	197.4	100%	1,005.0	-	-	-	-	6, 21					
Phase 1		N.A. <sup>(6)</sup>	March 2011	December 2013	April 2011	40,792	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Phase 2		N.A. <sup>(6)</sup>	September 2012	December 2014	September 2012	-	-	143,558	101,355	-	-	-	-	-	-	-	-	-	-	-					
Phase 3		N.A. <sup>(6)</sup>	July 2012	December 2014	October 2012	-	-	86,696	73,732	-	-	-	-	-	-	-	-	-	-	-					
Phase 4		N.A. <sup>(6)</sup>	June 2013	December 2015	October 2013	-	-	151,080	145,877	120,562	-	997.7	819.6	51%	579.4	-	-	-	-	22, 35					
Changzhou Jingrui Dignity Mansion (常州景瑞•望府)	Changzhou	93,045	June 2013	December 2015	October 2013	-	-	71,458	67,670	27,951	-	-	-	-	-	-	-	-	-	-					
Phase 1		N.A. <sup>(6)</sup>	March 2014	April 2018	April 2015	-	-	79,622	78,207	7,296	-	-	-	-	-	-	-	-	-	-					
Phase 2		N.A. <sup>(6)</sup>	December 2012	December 2014	October 2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Phase 3		N.A. <sup>(6)</sup>	July 2012	December 2014	October 2012	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Phase 4		N.A. <sup>(6)</sup>	June 2013	December 2015	October 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
Nantong Jingrui Dignity Mansion (南通景瑞•望府)	Nantong	191,220	December 2010	December 2012	May 2011	172,633	41,909	204,640	39,557	29,336	-	1,548.1	697.9	100%	1,361.0	-	-	-	-	7, 23, 24, 36					
Phase 1		N.A. <sup>(6)</sup>	November 2012	December 2015	March 2013	172,633	41,909	-	-	-	-	-	-	-	-	-	-	-	-	-					
Phase 2		N.A. <sup>(6)</sup>	April 2013	June 2015	October 2013	-	-	85,682	75,290	39,557	-	-	-	-	-	-	-	-	-	-					
Phase 3		N.A. <sup>(6)</sup>	February 2015	December 2016	August 2015	-	-	135,513	129,350	-	-	-	-	-	-	-	-	-	-	-					
Phase 4		N.A. <sup>(6)</sup>	October 2013	April 2015	November 2013	-	-	-	-	178,549	178,549	0	899.3	100%	No commercial value <sup>(11)</sup>	-	-	-	-	46					
Nantong Jingrui Nobility Mansion (南通景瑞•御江山)	Nantong	67,749	September 2013	June 2015	September 2013	-	-	-	-	212,767	-	222.2	907.8	100%	505.0	-	-	-	-	43					
Phase 1		N.A. <sup>(6)</sup>	July 2010	September 2012	September 2010	143,673	8,448	168,957	65,086	-	-	755.5	546.6	100%	903.0	-	-	-	-	8, 25					
Phase 2		N.A. <sup>(6)</sup>	March 2011	December 2013	October 2011	97,124	2,203	-	-	-	-	-	-	-	-	-	-	-	-	-					
Phase 3		N.A. <sup>(6)</sup>	March 2013	August 2015	May 2013	46,549	6,245	74,149	58,328	40,761	-	-	-	-	-	-	-	-	-	-					
Phase 4		N.A. <sup>(6)</sup>	March 2013	August 2015	May 2013	-	-	120,858	110,629	24,325	-	-	-	-	-	-	-	-	-	-					
<b>Jiangsu Province sub-total</b>		1,268,819				1,059,719	83,629	1,084,676	981,862	786,302	178,549	8,823.9	5,485.0		6,217.9										

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Project	City	Site Area in sq.m.	Completed				Under Development				Future Development				Group's Interest in the Project as at the Valuation Date <sup>(6)</sup>	Group's Attributable Value as at the Valuation Date	Reference to Property Valuation Report					
			Actual/Estimated Construction Commencement Date	Actual/Estimated Construction Completion Date	Actual/Estimated Pre-sale Commencement Date	GFA Completed <sup>(1)</sup>	Saleable GFA Unsold <sup>(2)</sup>	GFA Under Development	Saleable GFA	Pre-Sold GFA	Planned GFA	Land Use Rights Not Yet Obtained <sup>(3)</sup>	Development Cost Incurred as at June 30, 2013	Estimated Future Development Cost				in sq.m.	in sq.m.	in sq.m.	in RMB million	in RMB million
<b>Zhejiang Province</b>																						
<b>Hangzhou Jingrui</b>																						
Royal Bay (杭州景瑞·御藍灣).....	Hangzhou	68,342 N.A. <sup>(6)</sup>	September 2013	December 2015	September 2013	-	-	-	-	205,972	-	158.3	865.3	100%	589.0	44						
Phase 1.....		N.A. <sup>(6)</sup>	November 2013	December 2015	January 2014	-	-	-	-	156,968	-	-	-	-	-	-						
Phase 2.....		N.A. <sup>(6)</sup>				-	-	-	-	49,004	-	-	-	-	-	-						
<b>Hangzhou Liangshu Project</b>																						
(杭州良熟項目).....	Hangzhou	77,030	January 2014	December 2015	April 2014	-	-	-	-	191,224	191,224	0	1,169.8	100%	No commercial value <sup>(1)</sup>	49						
<b>Ningbo Jingrui</b>																						
Dignity Mansion (寧波景瑞·望府).....	Ningbo	69,693 N.A. <sup>(6)</sup>	July 2013	December 2014	September 2013	-	162,782	141,711	-	-	-	400.6	1,015.1	100%	973.0	31, 45						
Phase 1.....		N.A. <sup>(6)</sup>	August 2013	December 2015	March 2014	-	37,273	26,252	-	-	-	-	-	-	-	-						
Phase 2.....		N.A. <sup>(6)</sup>				-	125,509	115,459	-	-	-	-	-	-	-	-						
<b>Shaoxing Jingrui</b>																						
The Mansion (紹興景瑞·上府).....	Shaoxing	110,492 N.A. <sup>(6)</sup>	July 2013	December 2014	July 2013	-	97,898	93,557	66,896	-	-	259.6	813.4	100%	611.0	32, 42						
Phase 1.....		N.A. <sup>(6)</sup>	February 2014	December 2015	April 2014	-	97,898	93,557	-	-	-	-	-	-	-	-						
Phase 2.....		N.A. <sup>(6)</sup>				-	-	-	66,896	-	-	-	-	-	-	-						
<b>Shaoxing Jingrui</b>																						
Dignity Mansion (紹興景瑞·望府).....	Shaoxing	431,070	August 2012	December 2013	September 2012	-	188,648	188,648	260,463	-	-	2,423.9	1,723.2	100%	2,771.0	26, 37						
Phase 1.....		85,733	November 2012	December 2014	November 2012	-	73,273	73,273	-	-	-	-	-	-	-	-						
Phase 2.....		103,959	September 2013	December 2014	September 2013	-	115,375	115,375	61,032	-	-	-	-	-	-	-						
Phase 3.....		112,100	May 2014	December 2015	September 2014	-	-	-	100,954	-	-	-	-	-	-	-						
Phase 4.....		92,567	July 2014	December 2015	September 2014	-	-	-	-	-	-	-	-	-	-	-						
Phase 5.....		36,711				-	-	-	63,000	-	-	-	-	-	-	-						
<b>Shaoxing Jingrui</b>																						
Nobility Mansion (紹興景瑞·御江山).....	Shaoxing	73,992	October 2013	December 2016	November 2013	-	-	-	202,323	202,323	0	959.5	-	100%	No commercial value <sup>(1)</sup>	48						
<b>Huzhou Jingrui Cin</b>																						
Ginnatti (湖州景瑞·西西那堤).....	Huzhou	97,237 N.A. <sup>(6)</sup>	January 2008	September 2009	October 2008	120,923	-	-	-	-	-	639.3	0	100%	34.0	9						
Phase 1.....		N.A. <sup>(6)</sup>	March 2010	June 2012	April 2010	46,382	-	-	-	-	-	-	-	-	-	-						
Phase 2.....		N.A. <sup>(6)</sup>				74,541	1,377	-	-	-	-	-	-	-	-	-						
<b>Huzhou Jingrui</b>																						
Dignity Mansion (湖州景瑞·望府).....	Huzhou	86,077	January 2012	October 2014	August 2012	-	53,046	50,797	12,006	-	-	554.7	241.2	100%	651.0	28						



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Project	City	Site Area in sq.m.	Completed			Under Development			Future Development			Group's Interest in the Project as at the Valuation Date <sup>(6)</sup>	Group's Attributable Value as at the Valuation Date	Reference to Property Valuation Report			
			Actual/Estimated Construction Commencement Date	Actual/Estimated Construction Completion Date	Actual/Estimated Pre-sale Commencement Date	GFA Completed <sup>(1)</sup>	Saleable GFA Unsold <sup>(2)</sup>	GFA Under Development	Saleable GFA	Pre-Sold GFA	Planned GFA				Land Use Rights Not Yet Obtained <sup>(3)</sup>	Development Cost Incurred as at June 30, 2013	Estimated Future Development Cost
Zhoushan Jingrui HOPSCA (舟山 景瑞·豪都斯下)...	Zhoushan	93,148	April 2007	November 2008	September 2007	98,667	6,650	-	-	63,659	-	164.3	100%	243.0	13, 40		
Phase 1		45,942	April 2007	November 2008	September 2007	81,564	6,650	-	-	-	-	-	-	-	-		
Phase 2		13,021	September 2009	September 2011	December 2009	17,103	-	-	-	-	-	-	-	-	-		
Phase 3		34,185	June 2014	May 2016	October 2014	-	-	-	63,659	-	-	-	-	-	-		
Zhoushan Jingrui Peninsula Bay (舟山景瑞·半岛湾)...	Zhoushan	26,076	June 2011	August 2014	October 2011	-	-	99,570	91,000	-	389.2	171.2	100%	644.0	27		
<b>Zhejiang Province</b>		<b>1,133,157</b>				<b>219,590</b>	<b>9,057</b>	<b>601,944</b>	<b>565,713</b>	<b>221,107</b>	<b>990,537</b>	<b>393,548</b>		<b>5,242.5</b>	<b>7,123.0</b>		
<b>Tianjin</b>																	
Tianjin Jingrui Sunny Town (天津 景瑞·阳光尚城)...	Tianjin	141,622	April 2008	November 2010	September 2008	209,472	14,527	52,098	49,930	10,751	-	-	100%	699.0	10, 29		
Phase 1		N.A. <sup>(6)</sup>	April 2008	November 2010	September 2008	76,770	1,953	-	-	-	-	-	-	-	-		
Phase 2		N.A. <sup>(6)</sup>	February 2010	October 2011	May 2010	38,965	660	-	-	-	-	-	-	-	-		
Phase 3		N.A. <sup>(6)</sup>	December 2010	August 2013	June 2011	93,737	11,914	-	-	-	-	-	-	-	-		
Phase 4		N.A. <sup>(6)</sup>	May 2013	April 2015	June 2013	-	-	52,098	49,930	10,751	-	-	-	-	-		
Tianjin Jingrui England County (天津景瑞·英郡)	Tianjin	253,530	October 2009	August 2012	August 2010	98,603	67,066	-	-	440,800	-	-	100%	934.0	11, 38		
Phase 1		N.A. <sup>(6)</sup>	October 2009	August 2012	August 2010	98,603	67,066	-	-	-	-	-	-	-	-		
Phase 2		N.A. <sup>(6)</sup>	October 2013	October 2015	September 2014	-	-	-	-	84,700	-	-	-	-	-		
Phase 3		N.A. <sup>(6)</sup>	March 2015	October 2017	March 2015	-	-	-	-	173,800	-	-	-	-	-		
Phase 4		N.A. <sup>(6)</sup>	November 2015	October 2018	December 2015	-	-	-	-	182,300	-	-	-	-	-		
<b>Tianjin</b>		<b>397,152</b>				<b>308,075</b>	<b>81,593</b>	<b>52,098</b>	<b>49,930</b>	<b>10,751</b>	<b>440,800</b>	<b>-</b>		<b>1,535.7</b>	<b>1,633.0</b>		
<b>Chongqing</b>																	
Chongqing Jingrui Blue Valley (重庆 景瑞·蓝谷谷地)...	Chongqing	187,637	March 2006	April 2008	September 2006	611,877	4,161	-	-	-	-	-	100%	159.0	12		
Phase 1		N.A. <sup>(6)</sup>	March 2006	April 2008	September 2006	196,224	-	-	-	-	-	-	-	-	-		
Phase 2		N.A. <sup>(6)</sup>	May 2007	September 2009	June 2007	215,050	-	-	-	-	-	-	-	-	-		
Phase 3		N.A. <sup>(6)</sup>	July 2007	June 2013	May 2010	200,603	4,161	-	-	-	-	-	-	-	-		
Chongqing Jingrui Royal Bay (重庆 景瑞·御蓝湾)...	Chongqing	65,467	August 2013	December 2014	September 2013	-	-	76,336	74,998	-	81,485	-	100%	391.0	33, 39		
<b>Chongqing</b>		<b>253,104</b>				<b>611,877</b>	<b>4,161</b>	<b>76,336</b>	<b>74,998</b>	<b>-</b>	<b>81,485</b>	<b>-</b>		<b>483.0</b>	<b>550.0</b>		
<b>Total</b>		<b>3,716,223</b>				<b>3,281,638</b>	<b>248,331</b>	<b>1,832,393</b>	<b>1,687,190</b>	<b>651,794</b>	<b>2,482,762</b>	<b>755,734</b>		<b>16,276.2</b>	<b>15,991.5</b>		

Notes:

- (1) Includes completed GFA sold/pre-sold and unsaleable GFA. Unsaleable GFA refers to certain communal facilities and ancillary areas, certain underground GFA, certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.
- (2) Equals to total completed GFA minus completed GFA sold/pre-sold and unsaleable GFA. All saleable GFA unsold are held by our Group for sale, except for the 25,442 sq.m. of GFA that were retained unsold at Shanghai Jingrui Life Square (上海景瑞·生活廣場), which are held for investment purposes.
- (3) Indicates land parcels for which we have entered into land grant contract but have not obtained land use rights certificate.
- (4) Based on the Group's effective equity interest in the respective project companies as at the valuation date set forth in the "Property Valuation Report" in Appendix III.
- (5) Indicates the 40% equity interest held by us in Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司), or Shanghai Huajiang. The remaining 60% equity interest are held by five third parties that are independent from us. We are currently the largest shareholder of Shanghai Huajiang. We entered into written concert party agreements with two of these minority shareholders in July 2013, which in aggregate hold 32.5% equity interest in Shanghai Huajiang. Pursuant to the concert party agreements, these two minority shareholders confirmed that they have voted, and undertook to continue to vote, consistently with us on all substantive decisions relating to operating and financing policies of Shanghai Huajiang for as long as they are shareholders. As such, we consider that we have effective control over Shanghai Huajiang and treat it as one of our subsidiaries. Our PRC legal adviser is of the view that the concert party agreements are legally binding, valid and enforceable.
- (6) Relevant land use right certificate was granted to the entire land parcel and breakdowns of site area for each phase were not available.
- (7) Prior to our acquisition of the 80% equity interest in Shanghai Fengxiang and as at June 30, 2013, the development costs for Shanghai Fengxiang Project incurred by Shanghai Fengxiang was approximately RMB696.0 million.
- (8) Represents two land parcels acquired by us through the acquisition of an 80% equity interest in Shanghai Fengxiang from an independent third party. Among such land parcels in respect of which land grant contracts have been signed, the land use rights with respect to 38,292 sq.m. were obtained and the land use rights for the remaining 41,652 sq.m. are to be obtained after the resettlements are completed. The updated business license of Shanghai Fengxiang was issued in August 2013. The acquisition was substantially completed in September 2013 and Shanghai Fengxiang will be included in our consolidated financial statements upon the completion of the acquisition. For more details, see "— Our Property Development Projects — Shanghai — Shanghai Fengxiang Project."
- (9) Indicates the 65% equity interest held by us in Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司). The remaining 35% equity interest is held by three independent third parties.
- (10) Indicates the 51% equity interest held by us in Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司). The remaining 49% equity interest is held by an independent third party.
- (11) No commercial value is provided as we have contracted but have not obtained the relevant land use rights certificates for the relevant land parcel.

*Our Property Development Projects – Shanghai*

**Shanghai Jingrui Fair Town (上海景瑞·嘉城)**



Shanghai Jingrui Fair Town (上海景瑞·嘉城) is located in Jiangqiao, Jiading District, Shanghai, where transportation is convenient, such as Shanghai Metro Line 14, and facilities are well established, including schools, hospital and shopping malls. The project is comprised of low- and high-rise apartments, townhouses and certain retail areas. The project occupies a total site area of approximately 447,270 sq.m. and were developed in five phases. As at August 31, 2013, the project had an aggregate completed GFA of approximately 785,867 sq.m. with an aggregated GFA of approximately 17,338 square meters in Phase 5 under development.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 .....	300,404 sq.m.	23,567 sq.m.	24,794 sq.m.	4,471 sq.m.	353,236 sq.m.	January 2004	July 2009	304,895 sq.m.
Phase 2 .....	214,421 sq.m.	17,997 sq.m.	5,511 sq.m.	4,123 sq.m.	242,052 sq.m.	October 2004	November 2009	235,568 sq.m.
Phase 3 .....	95,484 sq.m.	5,981 sq.m.	1,441 sq.m.	3,181 sq.m.	106,087 sq.m.	March 2007	November 2010	98,113 sq.m.
Phase 4 .....	78,841 sq.m.	4,982 sq.m.	-	669 sq.m.	84,492 sq.m.	December 2009	June 2011	79,141 sq.m.
Phase 5 .....	13,495 sq.m.	3,292 sq.m.	-	551 sq.m.	17,338 sq.m.	January 2013	December 2014	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Shanghai Huajiang. We entered into the relevant land grant contract in July 2003 and had paid the total land premium of RMB122.5 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB3,077.3 million. We expect to incur additional development costs of approximately RMB72.2 million for the completion of the project.

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During the six months ended June 30, 2013, we have sold approximately 1,832 sq.m. of this project. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB76.0 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

### Shanghai Jingrui Softshore City (上海景瑞·嶺域)



Shanghai Jingrui Softshore City (上海景瑞·嶺域) is located in Luodian, Baoshan District, Shanghai and adjacent to the Malaren Lake. The surrounding area has convenient transportation, such as Shanghai Metro Line 7, and is well established with various facilities, such as shopping malls, hotels and schools. The project is comprised of mid-rise apartment buildings, townhouses and commercial areas. The project occupies a total site area of approximately 82,529 sq.m. with an aggregate GFA of approximately 133,587 sq.m. The project was developed in three phases, construction of which commenced from October 2008 and completed in June 2011.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 .....	31,839 sq.m.	-	-	-	31,839 sq.m.	October 2008	November 2009	31,536 sq.m.
Phase 2 .....	47,975 sq.m.	13,348 sq.m.	-	-	61,323 sq.m.	October 2008	November 2010	56,404 sq.m.
Phase 3 .....	31,726 sq.m.	7,601 sq.m.	460 sq.m.	638 sq.m.	40,425 sq.m.	October 2008	June 2011	36,872 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

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The project is developed by Shanghai Jingshang. We entered into the relevant land grant contract in April 2008 and had paid the total land premium of RMB382.1 million in full. As at June 30, 2013, the total development costs incurred for the project was RMB905.2 million.

During the six months ended June 30, 2013, we have sold approximately 157 sq.m. of this project. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB21.5 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

### Shanghai Jingrui Life Square (上海景瑞·生活廣場)



Shanghai Jingrui Life Square (上海景瑞·生活廣場) is a commercial complex, located in Gaojing, Baoshan District, Shanghai. It is near Shanghai Metro Line 3. The complex was completed in August 2008 and is comprised of shopping malls, offices and retail areas. Our current leasees include famous domestic and international retail brands, such as Wal-Mart stores and McDonalds. The project occupies a total site area of approximately 54,249 sq.m. with an aggregate GFA of approximately 86,856 sq.m.

Details of this project as at August 31, 2013 were as follows:

GFA				Actual Commencement Date	Actual Completion Date	Sold
Retail	Car parks	Ancillary areas	Total <sup>(1)</sup>			
62,218 sq.m.	22,128 sq.m.	2,510 sq.m.	86,856 sq.m.	December 2005	August 2008	54,983 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

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The project is developed by Shanghai Jingxiang. We entered into the relevant land grant contract in October 2004 and had paid the total land premium of RMB185.3 million in full. As at June 30, 2013, the total development costs incurred for the project was RMB356.0 million.

### **Shanghai Fengxiang Project (上海鳳翔項目)**

We acquired land parcels located in Qingpu, Shanghai with a total site area of approximately 79,944 sq.m. through the acquisition of an 80% equity interest in Shanghai Fengxiang from an independent third party. We have entered into an equity transfer agreement with such independent third party in July 2013 to acquire the equity interest in Shanghai Fengxiang and also the outstanding shareholder's loan extended by such third party to Shanghai Fengxiang for a total consideration of approximately RMB972.0 million, subject to adjustment in accordance with the terms and conditions stipulated in the equity transfer agreement. Pursuant to the equity transfer agreement, we are entitled to terminate the agreement by delivering a prior written notice to the independent third party transferor and Shanghai Fengxiang if certain conditions cannot be fulfilled by it and/or the transferor prior to October 20, 2013. The considerations are payable upon the fulfillment of certain conditions by Shanghai Fengxiang as agreed to in the equity transfer agreement. As of the Latest Practicable Date, the remaining 20% equity interests in Shanghai Fengxiang was owned as to 9% by Mr. Gu Jiabin and 11% by Ms. Zhang Bei, who are independent third parties. Such third parties have an option to sell their equity interests in Shanghai Fengxiang to us pursuant to the equity transfer agreement by giving us a written notice within one month after the expiry of two-year period from the date on which Shanghai Fengxiang obtains its updated business license. As of the Latest Practicable Date, we had paid RMB350.0 million to the independent third party transferor. The updated business license of Shanghai Fengxiang was issued in August 2013. The acquisition was substantially completed in September 2013 and Shanghai Fengxiang will be included in our consolidated financial statements upon the completion of the acquisition.

In addition, pursuant to the equity transfer agreement, the transferor agreed to complete, or cause Shanghai Fengxiang to complete, all the resettlements in connection with such lands at its own cost and expense, including but not limited to the relevant construction fees and compensations for the resettlements. The transferor is also responsible for the expenses arising from the termination of existing leases and employment contracts entered into by Shanghai Fengxiang and its employees. The transferor will reimburse us for any expenses incurred by us or Shanghai Fengxiang resulting from such leases and employment contract terminations or existing or potential litigations.

Shanghai Fengxiang is engaged in the property development of office and retail spaces of one project in Qingpu, Shanghai. It has entered into land grant contracts in respect of land parcels with a total site area of 79,944 sq.m. Among such land parcels, Shanghai Fengxiang has obtained land use rights certificates in respect of 38,292 sq.m. Shanghai Fengxiang has already developed certain properties on these land parcels. Upon the completion of this acquisition of equity interest in Shanghai Fengxiang, we plan to begin selling the remaining unsold but available for sale GFA in the fourth quarter of 2013.

Regarding the remaining land parcels of approximately 41,652 sq.m. in respect of which Shanghai Fengxiang has entered into the relevant land grant contracts but has not obtained land use rights certificates, it is expected that Shanghai Fengxiang will obtain the relevant land use rights certificates after the resettlements in respect of such land parcel are completed. Upon satisfaction of certain conditions, including the completion of the resettlements by Shanghai Fengxiang and the obtaining of the requisite land use rights certificates by Shanghai Fengxiang, we intend to develop such land parcels for residential and commercial

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properties that include office and retail spaces. We currently expect such project to have a planned aggregate GFA of approximately 183,638 sq.m., among which at least 18,564 sq.m. shall be allocated to resettlement residential properties pursuant to the relevant land grant contracts. We plan to commence the development of such project in early 2014 and expect to launch the pre-sale of such new project in the third quarter of 2014.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/Estimated Commencement Date	Actual/Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 <sup>(2)</sup> ..	-	11,501 sq.m.	20,620 sq.m.	-	32,121 sq.m.	August 2004	May 2005	13,691 sq.m.
Phase 2 <sup>(2)</sup> ..	-	8,020 sq.m.	35,925 sq.m.	-	43,945 sq.m.	September 2005	January 2008	19,761 sq.m.
Phase 3 .....	93,147 sq.m.	40,959 sq.m.	48,522 sq.m.	1,010 sq.m.	183,638 sq.m.	January 2014	December 2015	-

*Notes:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.
- (2) Developed by Shanghai Fengxiang prior to our acquisition of the 80% equity interest in it.

For more details about Shanghai Fengxiang, please refer to “Financial Information — Liquidity and Capital Resources — Acquisition of 80% Equity Interest in Shanghai Fengxiang” of this prospectus.

### *Our Property Development Projects – Jiangsu Province*

#### **Suzhou Jingrui Royal Bay (蘇州景瑞·榮御藍灣)**



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Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣) is our Royal Bay series product and located on South Changsheng Road, Taicang, Suzhou, Jiangsu Province. The project is well located to provide convenient access to public transportation and is adjacent to a park. The project is comprised of high-rise apartment buildings, townhouses and a portion of retail areas. The project occupies a total site area of approximately 229,590 sq.m. with a planned aggregate GFA of approximately 472,098 sq.m. The project is planned to be developed in four phases, among which, Phase 1 and Phase 2 were completed in September 2010 and December 2011, respectively.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 ....	73,276 sq.m.	9,534 sq.m.	3,571 sq.m.	3,924 sq.m.	90,305 sq.m.	March 2009	September 2010	67,560 sq.m.
Phase 2 ....	107,181 sq.m.	4,898 sq.m.	-	-	112,079 sq.m.	June 2009	December 2011	105,964 sq.m.
Phase 3 ....	124,658 sq.m.	10,825 sq.m.	-	-	135,483 sq.m.	November 2010	December 2014	109,313 sq.m.
Phase 4 ....	116,999 sq.m.	17,232 sq.m.	-	-	134,231 sq.m.	July 2011	October 2015	99,524 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Taicang Jingrui. We entered into the relevant land grant contract in November 2007 and had paid the total land premium of RMB790.0 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB2,161.6 million. We estimate that we will incur additional development costs of approximately RMB347.6 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 40,633 sq.m. of this project and we expect to complete the construction for such GFA before December 2015. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB323.3 million and had provided mortgage guarantee of RMB405.6 million for customers who purchased in this project.



**Suzhou Jingrui Jade Bay (蘇州景瑞·翡翠灣)**



Suzhou Jingrui Jade Bay (蘇州景瑞·翡翠灣) is our Royal Bay series product and located on Donggu Road and Tonghai Road, Chengxiang Town, Taicang, Suzhou, Jiangsu Province. The project has convenient public transportation and is near to well established public facilities, including schools, shopping malls and places of public entertainment. The project is comprised of high-rise apartment buildings, townhouses and retail areas. The project occupies a total site area of approximately 268,767 sq.m. with a planned aggregate GFA of approximately 508,258 sq.m. The project is planned to be developed in four phases, among which, Phase 1 was completed in May 2013.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1....	51,156 sq.m.	-	-	3,020 sq.m.	54,176 sq.m.	June 2010	May 2013	35,911 sq.m.
Phase 2....	89,919 sq.m.	-	19,635 sq.m.	-	109,555 sq.m.	December 2010	December 2014	37,304 sq.m.
Phase 3....	99,439 sq.m.	-	-	-	99,439 sq.m.	June 2012	December 2014	27,867 sq.m.
Phase 4....	190,088 sq.m.	55,000 sq.m.	-	-	245,088 sq.m.	January 2014	December 2016	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

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## BUSINESS

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The project is developed by Taicang Jingshang. We entered into the relevant land grant contract in October 2009 and had paid the total land premium of RMB642.8 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB1,418.5 million. We estimate that we will incur additional development costs of approximately RMB1,068.8 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 24,497 sq.m. of this project and we expect to complete the construction for such GFA before December 2014. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB186.0 million and had provided mortgage guarantee of RMB147.3 million for customers who purchased in this project.

### **Changzhou Jingrui Dawn City (常州景瑞·曦城)**



Changzhou Jingrui Dawn City (常州景瑞·曦城) is located in Zhonglou Development Area, Changzhou, Jiangsu Province, adjacent to Qingfeng Park, and is comprised primarily of high-rise apartments and certain commercial areas for shopping malls. The project occupies a total site area of approximately 93,720 sq.m. with an aggregate complete GFA of approximately 254,494 sq.m. Commenced in May 2007 and it was completed in December 2011.

The project is developed by Changzhou Jingshen. We entered into the relevant land grant contract in September 2006 and had paid the total land premium of RMB150.0 million in full. As at June 30, 2013, the total development costs incurred for the project was RMB825.5 million.

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## BUSINESS

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Details of this project as at August 31, 2013 were as follows:

Residential	Car parks	GFA			Actual	Actual	Sold/pre-sold
		Retail	Ancillary areas	Total	Commencement	Completion	
					Date	Date	
194,854 sq.m.	28,005 sq.m.	28,153 sq.m.	3,482 sq.m.	254,493 sq.m.	May 2007	December 2011	217,152 sq.m.

During the six months ended June 30, 2013, we have sold approximately 14,291 sq.m. of this project. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB17.9 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

### Changzhou Jingrui England County (常州景瑞·英郡)



Changzhou Jingrui England County (常州景瑞·英郡) is located in Zhonglou Development Area, Changzhou, Jiangsu Province, near the local government and Qingfeng Park and is well connected to local business areas. The project is comprised of high-rise apartment buildings, townhouses and commercial areas. The project occupies a total site area of approximately 87,440 sq.m. with an aggregate GFA of approximately 271,046 sq.m. The project is planned to be developed in three phases, among which, Phase 1 was completed in December 2010.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1....	40,792 sq.m.	–	–	–	40,792 sq.m.	March 2010	December 2010	28,245 sq.m.
Phase 2....	106,814 sq.m.	36,305 sq.m.	–	439 sq.m.	143,558 sq.m.	March 2011	December 2013	101,355 sq.m.
Phase 3....	78,707 sq.m.	–	5,889 sq.m.	2,100 sq.m.	86,696 sq.m.	September 2012	December 2014	73,732 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Changzhou Jingshen. We entered into the relevant land grant contract in September 2006 and had paid the total land premium of RMB140.0 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB894.8 million. We estimate that we will incur additional development costs of approximately RMB197.4 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 28,330 sq.m. of this project and we expect to complete the construction for such GFA before December 2014. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB249.6 million and had provided mortgage guarantee of RMB428.6 million for customers who purchased in this project.

### Changzhou Jingrui Dignity Mansion (常州景瑞·望府)



## BUSINESS

Changzhou Jingrui Dignity Mansion (常州景瑞·望府) is our Dignity Mansion series product and located in the central area of Tianning District, Changzhou, Jiangsu Province, adjacent to the local governments of Tianning District and Changzhou municipality and is well connected to the local business areas. It is also close to Changzhou Olympic Sports Center and Changzhou Dinosaur Park. The project is comprised of high-rise apartment buildings and a portion of retail areas. The project occupies a total site area of approximately 93,045 sq.m. with a planned aggregate GFA of approximately 271,642 sq.m. The project is planned to be developed in three phases.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1....	59,406 sq.m.	7,625 sq.m.	2,480 sq.m.	1,947 sq.m.	71,458 sq.m.	July 2012	December 2014	27,951 sq.m.
Phase 2....	64,624 sq.m.	13,583 sq.m.	7,296 sq.m.	1,415 sq.m.	86,918 sq.m.	June 2013	December 2015	-
Phase 3....	92,597 sq.m.	19,801 sq.m.	-	868 sq.m.	113,266 sq.m.	March 2014	April 2018	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Changzhou Jingshang. We entered into the relevant land grant contract in November 2010 and had paid the total land premium of RMB750.0 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB997.7 million. We estimate that we will incur additional development costs of approximately RMB819.6 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 13,763 sq.m. of this project and we expect to complete the construction for such GFA before December 2014. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB128.7 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

**Nantong Jingrui Dignity Mansion (南通景瑞·望府)**



Nantong Jingrui Dignity Mansion (南通景瑞·望府) is our Dignity Mansion series product and located in the Economic Development Zone of Nantong, Jiangsu Province. The project is close to the local commercial and office areas. The project is comprised of high- and low-rise apartment buildings, townhouses and retail areas. The project occupies a total site area of approximately 191,220 sq.m. with an aggregate GFA of approximately 423,164 sq.m. The project is planned to be developed in four phases, among which, Phase 1 was completed in December 2012.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 ....	129,774 sq.m.	37,578 sq.m.	-	5,281 sq.m.	172,633 sq.m.	December 2010	December 2012	108,813 sq.m.
Phase 2 ....	85,682 sq.m.	-	-	-	85,682 sq.m.	November 2012	December 2014	39,557 sq.m.
Phase 3 ....	115,149 sq.m.	20,364 sq.m.	-	-	135,513 sq.m.	April 2013	December 2015	-
Phase 4 ....	-	5,336 sq.m.	24,000 sq.m.	-	29,336 sq.m.	February 2015	December 2016	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

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## BUSINESS

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The project is developed by Nantong Jingrui. We entered into the relevant land grant contract in December 2009 and had paid the total land premium of RMB694.1 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB1,548.1 million. We estimate that we will incur additional development costs of approximately RMB697.9 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 28,563 sq.m. of this project and we expect to complete the construction for such GFA before December 2014. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB219.7 million and had provided mortgage guarantee of RMB242.6 million for customers who purchased in this project.

### **Nantong Jingrui Nobility Mansion (南通景瑞 • 御江山)**

Nantong Jingrui Nobility Mansion (南通景瑞 • 御江山) is our Royal Bay series product and located in the new urban area of Haimen city, Nantong, Jiangsu Province. It is adjacent to the traditional business area of Haimen, near to well established facilities, including the local government, a hotel, a commercial bank and an international school and a preliminary school. The project occupies a total site area of 67,749 sq.m. with a planned aggregate GFA of approximately 178,549 sq.m.

Details of this project as at August 31, 2013 were as follows:

GFA					Estimated Commencement Date	Estimated Completion Date	Sold/Pre-sold
Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
138,275 sq.m.	30,259 sq.m.	7,599 sq.m.	2,416 sq.m.	178,549 sq.m.	October 2013	April 2015	-

The project is expected to be developed by Nantong Jingshang. We entered into the relevant land grant contract in June 2013 and the total land premium is RMB301.5 million. As at June 30, 2013, approximately RMB89.9 million had been paid. We expect to obtain the relevant land use rights certificates upon the settlement of the remaining land premium in full by the end of October 2013. We expect to incur development costs of an aggregate RMB899.3 million for the completion of this project.

### **Yangzhou Jingrui Dignity Mansion (揚州景瑞 • 望府)**

Yangzhou Jingrui Dignity Mansion (揚州景瑞 • 望府) is our Dignity Mansion series product and located on the west of Xin Sheng Road and the south of Yan Shan He Road, Yangzhou Jiangsu Province. The project is near to Yangzhou Railway Station and Yangzhou Living Mall, a large commercial complex. The project is comprised of low- and high-rise apartment buildings and retail areas. The project occupies a total site area of approximately 73,295 sq.m. with a planned aggregate GFA of approximately 212,767 sq.m.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

					Actual	Estimated	
					Commencement	Completion	Sold/Pre-sold
					Date	Date	
Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
164,679 sq.m.	42,888 sq.m.	3,200 sq.m.	2,000 sq.m.	212,767 sq.m.	September 2013	June 2015	–

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Yangzhou Jingrui. We entered into the relevant land grant contract in March 2013 and the total land premium is RMB401.7 million. As at June 30, 2013, approximately RMB200.8 million had been paid. We had obtained the relevant land use rights certificates upon the settlement of the remaining land premium in full in August 2013. As at June 30, 2013, we had incurred development costs for the project of RMB222.2 million. We estimate that we will incur additional development costs of approximately RMB907.8 million for the completion of the project.

As at June 30, 2013, we had not commenced pre-sale for the properties under development in this project.

### Taizhou Jingrui Royal Bay (泰州景瑞·榮御藍灣)





## BUSINESS

Taizhou Jingrui Royal Bay (泰州景瑞 • 榮御藍灣) is our Royal Bay series product and located on Yongxing Road and South Xingtai Road, Taizhou, Jiangsu Province. The project is near the southern center of Taizhou city. The project is comprised of high- and low-rise apartment buildings, townhouses and retail areas. The project occupies a total site area of approximately 163,993 sq.m. with an aggregate GFA of approximately 338,680 sq.m. The project is planned to be developed in three phases, among which, Phase 1 was completed in September 2012.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 ....	95,290 sq.m.	–	1,482 sq.m.	352 sq.m.	97,124 sq.m.	July 2010	September 2012	69,654 sq.m.
Phase 2 ....	115,173 sq.m.	5,251 sq.m.	–	274 sq.m.	120,698 sq.m.	March 2011	December 2013	70,365 sq.m.
Phase 3 ....	99,024 sq.m.	15,159 sq.m.	2,575 sq.m.	4,100 sq.m.	120,858 sq.m.	March 2013	August 2015	24,325 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Taizhou Jingrui. We entered into the relevant land grant contract in October 2009 and had paid the total land premium of RMB188.0 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB755.5 million. We estimate that we will incur additional development costs of approximately RMB546.6 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 36,930 sq.m. of this project and we expect to complete the construction for such GFA before August 2015. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB219.3 million and had provided mortgage guarantee of RMB335.7 million for customers who purchased in this project.

### *Our Property Development Projects – Zhejiang Province*

#### **Hangzhou Jingrui Royal Bay (杭州景瑞 • 御藍灣)**

Hangzhou Jingrui Royal Bay (杭州景瑞 • 御藍灣) is our Royal Bay series product and located in Yuhang District, Hangzhou, Zhejiang Province. It is adjacent to Baota Hill scenic spot and has convenient access to public transportation. The project is primarily comprised of high- and low-rise apartments and certain retail areas. The project occupies a total site area of approximately 68,342 sq.m. with a planned aggregate GFA of approximately 205,724 sq.m.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

Phase	GFA				Actual/Estimated Commencement Date	Estimated Completion Date	Sold/Pre-sold	
	Residential	Car parks	Retail	Ancillary areas				Total <sup>(1)</sup>
Phase 1..	106,186 sq.m.	41,705 sq.m.	7,607 sq.m.	1,470 sq.m.	156,968 sq.m.	September 2013	December 2015	-
Phase 2..	47,155 sq.m.	-	1,400 sq.m.	449 sq.m.	49,004 sq.m.	November 2013	December 2015	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Hangzhou Jingyue. We entered into the relevant land grant contract in February 2013 and had paid the total land premium of RMB299.0 million in full in August 2013. As at June 30, 2013, we had incurred development costs for the project of RMB158.3 million. We estimate that we will incur additional development costs of approximately RMB865.3 million for the completion of the project.

As at June 30, 2013, we had not commenced pre-sale for properties under development in this project.

### Hangzhou Liangshu Project (杭州良熟項目)

In August 2013, we entered into a land grant contract to obtain a land parcel with a total site area of 77,030 sq.m. located in Hangzhou, Zhejiang Province, or Hangzhou Liangshu Project. The total land premium is RMB520.9 million and we expect to settle the land premium in full by November 2013.

The Hangzhou Liangshu Project is expected to have a planned aggregate GFA of approximately 191,224 sq.m. It is our Royal Bay series product and is expected to be developed by Hangzhou Jinghang. The project is located in the political, economic and cultural center of Yuhang District, Hangzhou, and is well connected to public transportation. The project is also near to convenient public facilities, including a hospital and a high school. Hotels and commercial complexes are also under development in the surrounding areas.

Details of this project as at August 31, 2013 were as follows:

GFA					Estimated Commencement Date	Estimated Completion Date	Sold/Pre-sold
Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
152,936 sq.m.	30,260 sq.m.	5,150 sq.m.	2,878 sq.m.	191,224 sq.m.	January 2014	December 2015	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

## BUSINESS

The project is expected to be developed by Hangzhou Jinghang, which used to be a wholly owned subsidiary of us. In September 2013, we transferred 49% equity interest in Hangzhou Jinghang to an independent third party. As such, Hangzhou Jinghang became a 51% owned subsidiary of us. We estimate that the total development costs for the completion of the project is approximately RMB1,169.8 million.

### Ningbo Jingrui Dignity Mansion (寧波景瑞 • 望府)

Ningbo Jingrui Dignity Mansion (寧波景瑞 • 望府) is our Dignity Mansion series product and located in Jiangshan county, Yinzhou, Ningbo, Zhejiang Province. It has convenient access to public transportation and is near local government and business area. The project is comprised of high-rise apartments, townhouses and certain retail areas. The project occupies a total site area of approximately 69,693 sq.m. with an aggregate GFA of approximately 162,782 sq.m.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual	Estimated	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>	Commencement Date	Completion Date	
Phase 1 ....	37,107 sq.m.	–	–	166 sq.m.	37,273 sq.m.	July 2013	December 2014	–
Phase 2 ....	93,409 sq.m.	22,906 sq.m.	3,510 sq.m.	5,684 sq.m. <sup>(2)</sup>	125,509 sq.m.	August 2013	December 2015	–

*Notes:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.
- (2) Includes approximately 3,187 sq.m. planned for a school.

The project is developed by Ningbo Jingrui. We entered into the relevant land grant contract in February 2013 and the total land premium was RMB766.5 million. As at June 30, 2013, approximately RMB388.8 million had been paid. We had obtained the relevant land use rights certificates upon the settlement of the remaining land premium in full in August 2013. As at June 30, 2013, we had incurred development costs for the project of RMB400.6 million. We estimate that we will incur additional development costs of approximately RMB1,015.1 million for the completion of the project.

As at June 30, 2013, we had not commenced pre-sale for properties under development in this project.

### Shaoxing Jingrui The Mansion (紹興景瑞 • 上府)

Shaoxing Jingrui The Mansion (紹興景瑞 • 上府) is our Dignity Mansion series product and located in Jinghu New Area, Shaoxing, Zhejiang Province, which is near the largest freshwater lake in Shaoxing. It is well connected to the local business areas and is near high-speed railway station. The project occupies a total site area of approximately 110,492 sq.m. The project is expected to be developed in two phases and is expected to have a planned aggregate GFA of approximately 164,794 sq.m. with low-rise apartments, townhouses and retail areas.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/Estimated Commencement Date	Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 ....	96,653 sq.m.	–	1,245 sq.m.	–	97,898 sq.m.	July 2013	December 2014	38,759 sq.m.
Phase 2 ....	52,856 sq.m.	12,770 sq.m.	–	1,270 sq.m.	66,896 sq.m.	February 2014	December 2015	–

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Shaoxing Jinghu. We entered into the relevant land grant contract in December 2012 and the total land premium is RMB375.0 million. As at June 30, 2013, approximately RMB187.5 million had been paid and we had settled the remaining land premium in full by July 2013. As at June 30, 2013, we had incurred development cost of approximately RMB259.6 million. We estimate that we will incur additional development costs of RMB813.4 million for the completion of the project.

### Shaoxing Jingrui Dignity Mansion (紹興景瑞·望府)



Shaoxing Jingrui Dignity Mansion (紹興景瑞·望府) is our Dignity Mansion series product and located near Keyan scenic area in Shaoxing, Zhejiang Province, a national 4A tourism spot. The project occupies a total site area of approximately 431,070 sq.m. with a planned aggregate GFA of approximately 449,111 sq.m. The project is expected to be comprised primarily of detached houses and townhouses. We also plan to develop commercial areas including shopping malls, restaurants and other areas for entertainment use in the project.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1....	73,273 sq.m.	-	-	-	73,273 sq.m.	August 2012	December 2013	69,870 sq.m.
Phase 2....	115,375 sq.m.	-	-	-	115,375 sq.m.	November 2012	December 2014	61,032 sq.m.
Phase 3....	98,571 sq.m.	-	813 sq.m.	1,570 sq.m.	100,954 sq.m.	September 2013	December 2014	-
Phase 4....	95,499 sq.m.	-	-	1,010 sq.m.	96,509 sq.m.	May 2014	December 2015	-
Phase 5....	-	8,600 sq.m.	54,400 sq.m.	-	63,000 sq.m.	July 2014	December 2015	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is jointly developed by Shaoxing Jingrui, Shaoxing Jingxiang and Shaoxing Jingkang. We entered into the relevant land grant contract in June 2011 and had paid the total land premium RMB1,993.9 million in full. As at June 30, 2013, we had incurred development costs of RMB2,423.9 million. We estimate that we will incur additional development costs of approximately RMB1,723.2 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 38,990 sq.m. of this project and we expect to complete the construction for such GFA before December 2014. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB587.7 million and had provided mortgage guarantee of RMB378.5 million for customers who purchased in this project.

### **Shaoxing Jingrui Nobility Mansion (紹興景瑞 • 御江山)**

In July 2013, we entered into two land grant contracts to obtain land parcels with a total site area of 73,992 sq.m. located in Zhuji, Shaoxing, Zhejiang Province. The total land premium is RMB284.3 million and approximately RMB57.0 million had been paid as at June 30, 2013. We expect to settle the remaining land premium in full by the end of October 2013.

This Project is expected to have a planned aggregate GFA of approximately 202,323 sq.m. It is our Royal Bay series product and is expected to be developed by Zhuji Jingrui. The project is located in the new business area of Zhuji city, adjacent to the local railway station and the exit of Hang-Jin-Qu express way. It is also well connected to Hangzhou Xiaoshan International Airport. The project is near local established facilities, including office buildings, hotels, supermarkets, a hospital and a preliminary school. We expect to incur development costs of approximately RMB959.5 million for the completion of the project.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

GFA					Estimated Commencement Date	Estimated Completion Date	Sold/Pre-sold
Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
157,143 sq.m.	25,569 sq.m.	13,366 sq.m.	6,245 sq.m. <sup>(2)</sup>	202,323 sq.m.	October 2013	December 2016	-

*Notes:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.
- (2) includes 3,520 sq.m. for a school and a kindergarten.

### Huzhou Jingrui Cin Cinnatti (湖州景瑞·西西那堤)



Huzhou Jingrui Cin Cinnatti (湖州景瑞·西西那堤) is our Royal Bay series product and is located in Huzhou, Zhejiang Province and is close to North Zhejiang Passenger Transport Center. It is also adjacent to a park and has convenient access to public transportations. The project is primarily comprised of high-rise apartments, town houses and certain retail areas. The project occupies a total site area of approximately 97,237 sq.m. with an aggregate GFA of approximately 120,923 sq.m. The project was completed in June 2012.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1....	45,352 sq.m.	-	1,030 sq.m.	-	46,382 sq.m.	January 2008	September 2009	29,572 sq.m.
Phase 2 ..	64,467 sq.m.	8,803 sq.m.	-	1,271 sq.m.	74,541 sq.m.	March 2010	June 2012	68,166 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Huzhou Jingrui. We entered into the relevant land grant contract in October 2007 and had paid the total land premium of RMB187.2 million in full. As at June 30, 2013, the total development costs incurred for the project was RMB639.3 million.

During the six months ended June 30, 2013, we have sold approximately 3,325 sq.m. of this project. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB23.8 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

### **Huzhou Jingrui Dignity Mansion (湖州景瑞·望府)**



## BUSINESS

Huzhou Jingrui Dignity Mansion (湖州景瑞·望府) is our Dignity Mansion series product and located on Longshan Road in Changxing county, Huzhou, Zhejiang Province. It is well connected to local business areas and is close to shopping malls, schools, a library and a theatre. The project is comprised primarily of townhouses and certain retail areas. The project occupies a total site area of approximately 86,077 sq.m. with a planned aggregate GFA of approximately 53,046 sq.m.

Details of this project as at August 31, 2013 were as follows:

GFA					Actual Commencement Date	Actual Completion Date	Sold/Pre-sold
Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
50,197 sq.m.	-	641 sq.m.	2,208 sq.m.	53,046 sq.m.	January 2012	October 2014	12,006 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Huzhou Jingshang. We entered into the relevant land grant contract in February 2011 and had paid the total land premium of RMB420.4 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB554.7 million. We estimate that we will incur additional development costs of approximately RMB241.2 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 2,267 sq.m. of this project and we expect to complete the construction for such GFA before October 2014. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB59.6 million and had provided mortgage guarantee of RMB51.8 million for customers who purchased in this project.



**Zhoushan Jingrui HOPSCA (舟山景瑞·豪布斯卡)**



Zhoushan Jingrui HOPSCA (舟山景瑞·豪布斯卡) is our Royal Bay series product and located in Lujiazhi Island, Putuo District, Zhoushan, Zhejiang Province, to the north of the famous Shen-jia-men port. The project is comprised of low-rise apartments, garden houses and townhouses. The project occupies a total site area of approximately 93,148 sq.m. with an aggregate GFA of approximately 162,326 sq.m. Phase 1 and Phase 2 of this project were completed in November 2008 and September 2011, respectively.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 ....	67,293 sq.m.	13,467 sq.m.	804 sq.m.	–	81,564 sq.m.	April 2007	November 2008	62,602 sq.m.
Phase 2 ....	17,103 sq.m.	–	–	–	17,103 sq.m.	September 2009	September 2011	13,467 sq.m.
Phase 3 ....	57,413 sq.m.	6,176 sq.m.	–	70 sq.m.	63,659 sq.m.	June 2014	May 2016	–

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

## BUSINESS

The project is developed by Zhoushan Jingrui. We entered into the relevant land grant contract in December 2006 and had paid the total land premium of RMB105.7 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB416.9 million. We estimate that we will incur additional development costs of approximately RMB164.3 million for the completion of the project.

During the six months ended June 30, 2013, we have sold approximately 70 sq.m. of this project. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB0.1 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

### Zhoushan Jingrui Peninsula Bay (舟山景瑞·半島灣)



Zhoushan Jingrui Peninsula Bay (舟山景瑞·半島灣) is our Dignity Mansion series product and located in Lujiazhi Island, Putuo District, Zhoushan, Zhejiang Province. It is close to the famous Shen-jia-men port and has a harbour view and convenient public facilities. The project is comprised of high-rise apartments and retail areas. The project occupies a total site area of approximately 26,076 sq.m. with an aggregate GFA of approximately 99,570 sq.m.

Details of this project as at August 31, 2013 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date	Sold/Pre-sold
Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
75,244 sq.m.	14,119 sq.m.	7,276 sq.m.	2,931 sq.m.	99,570 sq.m.	June 2011	August 2014	39,440 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

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## BUSINESS

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The project is developed by Zhoushan Jingshang. We entered into the relevant land grant contract in August 2010 and had paid the total land premium of RMB195.7 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB389.2 million. We estimate that we will incur additional development costs of approximately RMB171.2 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 8,355 sq.m. of this project and we expect to complete the construction for such GFA before August 2014. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB100.2 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

### *Our Property Development Projects – Tianjin*

#### **Tianjin Jingrui Sunny City (天津景瑞 • 陽光尚城)**



Tianjin Jingrui Sunny City (天津景瑞 • 陽光尚城) is located in Beichen District, Xiaodian Town, Tianjin and is well connected to public transportation. The project is comprised of low- and high-rise apartments, townhouses, garden houses and certain retail areas. The project occupies a total site area of approximately 141,622 sq.m. with an aggregate GFA of approximately 261,570 sq.m. The project is planned to be developed in four phases, among which, Phase 1, Phase 2 and Phase 3 were completed in November 2010, October 2011 and August 2013, respectively.

## BUSINESS

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 ....	71,563 sq.m.	–	2,995 sq.m.	2,212 sq.m.	76,770 sq.m.	April 2008	November 2010	69,680 sq.m.
Phase 2 ....	38,040 sq.m.	–	412 sq.m.	513 sq.m.	38,965 sq.m.	February 2010	October 2011	35,512 sq.m.
Phase 3 ....	75,283 sq.m.	18,454 sq.m.	–	–	93,737 sq.m.	December 2010	August 2013	75,192 sq.m.
Phase 4 ....	49,906 sq.m.	2,192 sq.m.	–	–	52,098 sq.m.	May 2013	April 2015	10,751 sq.m.

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Tianjin Jingshang. We entered into the relevant land grant contract in September 2007 and had paid the total land premium of RMB398.9 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB1,021.7 million. We estimate that we will incur additional development costs of approximately RMB336.3 million for the completion of the project.

During the six months ended June 30, 2013, we have pre-sold approximately 20,051 sq.m. of this project and we expect to complete the construction for such GFA before April 2015. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB139.6 million and had provided mortgage guarantee of RMB22.6 million for customers who purchased in this project.

### Tianjin Jingrui England County (天津景瑞·英郡)



## BUSINESS

Tianjin Jingrui England County (天津景瑞·英郡) is located in Baodi District, Tianjin and has convenient access to public transportation. The project is primarily comprised of low- and high-rise apartments, townhouses, houses and retail areas. The project occupies a total site area of approximately 255,530 sq.m. with a planned aggregate GFA of approximately 539,403 sq.m. The project is planned to be developed in four phases, among which, Phase 1 was completed in August 2012.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1....	82,051 sq.m.	11,849 sq.m.	3,018 sq.m.	1,685 sq.m.	98,603 sq.m.	October 2009	August 2012	24,089 sq.m.
Phase 2....	84,500 sq.m.	–	–	200 sq.m.	84,700 sq.m.	October 2013	October 2015	–
Phase 3....	122,300 sq.m.	43,900 sq.m.	2,770 sq.m.	4,830 sq.m. <sup>(2)</sup>	173,800 sq.m.	March 2015	October 2017	–
Phase 4....	160,700 sq.m.	20,100 sq.m.	400 sq.m.	1,100 sq.m.	182,300 sq.m.	November 2015	October 2018	–

*Notes:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.
- (2) Includes 2,800 sq.m. for a school and a kindergarten.

The project is developed by Tianjin Jingxiu. We entered into the relevant land grant contract in August 2007 and had paid the total land premium of RMB144.0 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB566.3 million. We estimate that we will incur additional development costs of approximately RMB1,199.4 million for the completion of the project.

During the six months ended June 30, 2013, we have sold approximately 101 sq.m. of this project. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB1.1 million. We had not provided any mortgage guarantee for customers who purchased this project during this period.

*Our Property Development Projects – Chongqing*

**Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地)**



Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地) is located in Shapingba District, Chongqing, and near the established local business center with shopping malls, hospitals and schools. The project is comprised of high- and mid-rise apartments, townhouses, houses and retail areas. The project occupies a total site area of approximately 187,637 sq.m. with an aggregate GFA of approximately 611,878 sq.m.. The project was developed in three phases and phase 1, phase 2 and phase 3 were completed in 2008, 2009 and 2013 respectively.

Details of this project as at August 31, 2013 were as follows:

Phase	GFA					Actual Commencement Date	Actual Completion Date	Sold/Pre-sold
	Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
Phase 1 .....	168,498 sq.m.	24,234 sq.m.	–	3,493 sq.m.	196,225 sq.m.	March 2006	April 2008	192,434 sq.m.
Phase 2 .....	174,195 sq.m.	9,774 sq.m.	13,057 sq.m.	18,024 sq.m. <sup>(2)</sup>	215,050 sq.m.	May 2007	September 2009	197,026 sq.m.
Phase 3 .....	164,647 sq.m.	25,294 sq.m.	8,061 sq.m.	2,601 sq.m. <sup>(2)</sup>	200,603 sq.m.	July 2007	June 2013	193,294 sq.m.

*Notes:*

(1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

(2) Includes an aggregate of approximately 15,110 sq.m. for a school and a kindergarten.

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The project is developed by Chongqing Jingkang. We entered into the relevant land grant contract in January 2004 and had paid the total land premium of RMB89.9 million in full as at June 30, 2013. At the time of its inception, we held 10% equity interest in Chongqing Jingkang, we subsequently acquired the remaining 90% equity interest in Chongqing Jingkang for an aggregate consideration of RMB367.4 million. As at June 30, 2013, the total development costs incurred for the project was RMB1,640.2 million.

During the six months ended June 30, 2013, we have pre-sold approximately 12,074 sq.m. of this project and the construction for such GFA was completed before June 2013. During the six months ended June 30, 2013, we had received advanced proceeds of approximately RMB52.4 million and had provided mortgage guarantee of RMB102.2 million for customers who purchased in this project.

### Chongqing Jingrui Royal Bay (重慶景瑞 • 御藍灣)

Chongqing Jingrui Royal Bay (重慶景瑞 • 御藍灣) is our Royal Bay series product and located in Beibei District, Chongqing and has convenient access to public transportation. The project is primarily comprised of low-rise apartments, townhouses, houses and certain retail areas. The project occupies a total site area of approximately 65,467 sq.m. with a planned aggregate GFA of approximately 157,821 sq.m.

Details of this project as at August 31, 2013 were as follows:

GFA					Actual Commencement Date	Estimated Completion Date	Sold/Pre-sold
Residential	Car parks	Retail	Ancillary areas	Total <sup>(1)</sup>			
105,825 sq.m.	39,920 sq.m.	11,365 sq.m.	711 sq.m.	157,821 sq.m.	August 2013	December 2014	-

*Note:*

- (1) Total GFA includes saleable and unsaleable GFA, which refers to certain communal facilities and ancillary areas, certain underground GFA (such as car parks), certain residential and/or retail GFA that are not included in the relevant pre-sale permits and therefore cannot be sold.

The project is developed by Chongqing Jingshang. We entered into the relevant land grant contract in December 2012 and had paid the total land premium of RMB197.4 million in full. As at June 30, 2013, we had incurred development costs for the project of RMB207.0 million. We estimate that we will incur additional development costs of approximately RMB483.0 million for the completion of the project.

As at June 30, 2013, we had not commenced pre-sale for properties under development in this project.

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## BUSINESS

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### *New Project Development – Suzhou Wuzhong Project (蘇州吳中項目)*

In September 2013, we obtained a confirmation letter in connection with the acquisition of certain land parcels located in Suzhou, Jiangsu Province with an aggregate site area of 108,657 sq.m., for which we have not obtained the relevant land use rights. The new project is located in Wuzhong District of Suzhou city, adjacent to Jiangsu Broadcast and Television College. In addition, a primary school and a kindergarten are expected to be built near this project, according to the relevant urban planning. The project is also close to a subway station. This new project is our Royal Bay series product. We currently expect the planned aggregate GFA for this project will be approximately 248,764 sq.m. which is comprised of high-rise apartment buildings, townhouses and retail areas.

The total land premium is RMB1,230 million and we had paid the deposit in the amount of RMB163.0 million in September 2013. We expect to enter into the relevant land grant contract in November 2013, upon the settlement of approximately 50% of the total land premium and expect to obtain the relevant land use rights in April 2014 after we fully settle the land premium.

### **PROPERTY DEVELOPMENT MANAGEMENT**

#### *“Rapid-Asset-Turnover Model” and Systematic Management Approach*

We endeavor to develop and offer high-quality residential properties to customers aspiring for high quality and strong functionality who are either first time home purchasers or those purchasing to upgrade their existing living condition, primarily in Shanghai and other major cities in the Yangtze River Delta region. We have established a rapid-asset-turnover model as to our property development projects, focusing on minimizing the time between site acquisition to pre-sale to the completion of our property development projects. Such model is implemented through our systematic management approach to property development, under which we develop our property using standardized procedures, designs, components and modules. We believe such rapid-asset-turnover model can enable us to reduce the cash collection cycle for each of our project in a relative short period, reduce development cost and reliance on external financing, thereby maintaining prudent financial leverage while also establishing consistent product quality and corporate brand image.



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The following diagram sets forth our standardized property development process reflecting our rapid-asset-turnover model:

### Site Selection and Land Acquisition

- comprehensive information of target markets, including geography, culture, economy, population and city planning
- analyze and evaluate local property market, including housing demand, growth potential and local property policies
- in-depth study and to further screen land related information in accordance with standardized investment procedures feasibility study reports to be reviewed by investment committee



### Product Design and Development

- develop standardized product lines suitable for various locations and target customer groups
- establish standardized floor plans, interior and exterior designs for each product line
- design standardized components, including architectural themes and landscape styles
- focus on the improvement of community atmosphere



### Procurement and Contract Management

- standardized procedures for the selection, management and evaluation of contractors and suppliers
- form contracts with standardized terms and conditions
- strategic general contractor and sub-contractor network
- strategic supplier network for raw materials with standardized specifications
- standardized operating guidelines for cooperation with contractors and sub-contractors



### Project Construction and Quality Control

- develop strategic cooperative relationships with quality contractors
- detailed requirements, including quality, time, cost and safety, for each milestone during the project construction process
- periodical inspection and reporting procedures with standardized evaluation procedures



### Project Promotion and Marketing

- detailed sales schedules with long-term and short-term sales targets, including prices and transaction volumes
- engage advertising firms to establish promotional plans for each project
- set up on-site demonstration areas
- deploy professional in-house sales and marketing teams or engage third-party agencies
- standardized sales procedures to ensure smooth transaction and delivery

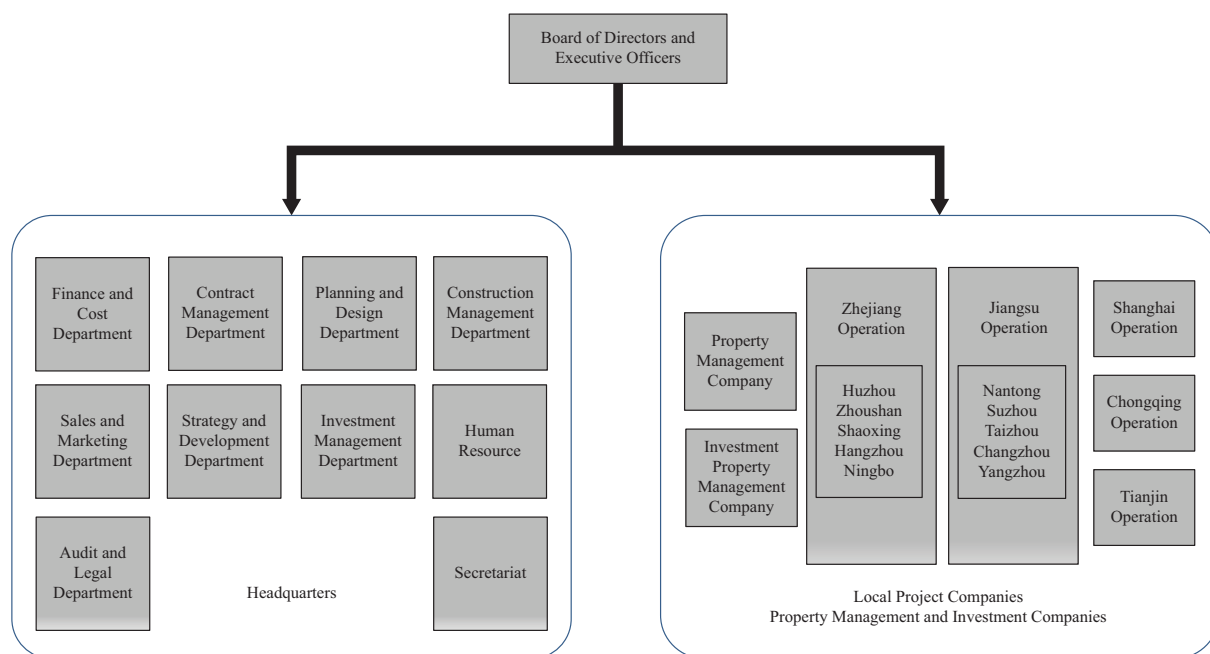


### Property Management and Customer Service

- standardized and comprehensive property management protocols, covering security, cleaning, facility and property maintenance
- specific convenience services upon request

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We establish project companies to supervise and manage our property development projects in different cities or regions that we believe will best allow us to address the unique market condition associated with such cities or regions. The senior management of our Group works closely with the management of each of our project companies to provide guidance as to the overall strategic directions of our Group as well as to supervise and oversee the activities of each of the project companies. The following diagram illustrates the management structure of our Group:



The below set forth detailed discussions of our property development process and procedures.

### Market Research and Site Selection

Our market research efforts covers general study on cities where we have operations or target regions where we expect to expand into, potential customers and customer demands as well as the availability and estimated cost of suitable land parcels in such areas. We also actively collect industry information, policies and news announcements released by industry consulting firms, local governments and competitors to facilitate our analysis and evaluation. We place significant focus on governments' policies in order to adjust our operations and property developments to ensure that our developments are in line with current macro real estate industry policies and trend and to capture market opportunities.

Our multi-tier market research activities include (i) constant market monitoring efforts carried out by the sales and marketing team at our project company level relating to the respective cities where it operates in order to identify in real time potential opportunities, (ii) research efforts conducted by our sales and marketing and investment departments at the headquarters level relating to cities and areas that we strategically plan to expand into, and (iii) industry studies conducted by our senior management as to national real estate markets.

We assess the potential of the local markets and the target development sites by taking into account a number of factors, including:

- the location and site area of the land parcel;

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## BUSINESS

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- local population and purchasing power;
- customer preference and demand;
- transportation access and availability of infrastructure support;
- estimated development costs and time;
- expected investment returns;
- local competitive environment;
- local policies and regulations; and
- suitability of the site for our product positioning.

In line with our rapid-asset-turnover model, we pay particular focus on factors that may affect our development cycle, such as pre-sale conditions which vary from city to city. We strategically select mid-size land parcels at competitive prices as we believe such lands will better fit into our product positioning while meeting the demand of our customers on one hand and help control our development costs and internal resources on the other. The development cycle of our projects differs depending on a variety of factors, including the site area and planned GFA to be complete for the project. During the Track Record Period, most of our project phases for which construction work was completed have a total GFA that ranges from approximately 39,000 sq.m. to 173,000 sq.m., and our development cycle for these project phases ranged from nine to 35 months. Such development cycle represent the period from the time we received the construction work commencement permits to the time when we obtained the completion certificate. We have also established certain internal financial ratios to evaluate the estimated investment returns that a project must meet in order to proceed.

We follow a strict procedure in our land acquisition. If we decide to pursue a potential development based on initial evaluation, which is generally led by our investment department and involves management at the relevant local project company. Upon the initial evaluation, our investment department will lead the preparation of an in-depth feasibility study by cooperating with other departments at both headquarters and project company level, as necessary. The feasibility study presents general regional or city analysis, property market analysis, project positioning, project design, marketing strategy, construction schedule, cost and return analysis. The feasibility study is then submitted to our investment committee, which generally comprises six members, including executive vice president, directors of finance, strategy, marketing and investment and the regional project company director for the relevant potential project. The investment committee reviews the potential development and if approved, will report to our chief executive officer for final confirmation. For material land investment, such as an investment that accounts for over 15% of our Group's total assets, it will also be submitted to our Board of Directors for approval.

### **Land Acquisition**

As at August 31, 2013, except for our Shanghai Fengxiang Project, which we acquired through the acquisition of an 80% equity interest in a project company from an independent third party, all of our other land parcels for our property developments was acquired directly from PRC government through the

bidding process in public tenders, auctions or listings-for-bidding for land use rights held by local governments in accordance with the Provisions on Bidding, Auction and Sale of Land Use Rights. Land parcels granted through such methods are generally free of legal disputes or demolition and resettlement liabilities, which may have otherwise prolonged our development cycle and incur additional costs.

In addition to the foregoing, we may in the future also acquire land use rights by (i) investing in or taking over project companies that hold land use rights; (ii) acquiring projects under development from the original project owners; or (iii) establishing joint ventures with other real estate developers for a joint land acquisition. As we believe that acquiring land parcels at competitive prices is critical to our development strategy, we will employ the acquisition strategy that will best meet such goal, taking into account any potential costs associated with demolition and resettlement.

### **Project Planning and Design**

We have strong in-house design capabilities with a dedicated product design department of 47 employees at both headquarters and project companies levels as at the Latest Practicable Date. We have established standardized designs, components and modules for our projects to ensure efficiency and reduce costs. Our comprehensive product database includes standardized design and specifications for building types, floor plans, building decorative styles and appearances, landscaping and interior components.

Our product database is continuously refined and updated based on information that we collect through our existing projects and experiences, including feedback received from customers, to ensure that our product database reflects current industry trend and market demand.

Our product design department is responsible for generating the master plans and design specifications for the project under development, based on its product positioning. It works closely with reputable architecture and design firms to implement design specifications, adjust detailed blueprints and select raw materials, in order to ensure quality control and that the products will be in line with our standardized designs, components and modules. We have worked with Shanghai Zhongsen Architecture and Engineering Design Consulting Co., Ltd., an affiliate with China Architecture Design & Research Group, for our project planning. We typically use a tender process in selecting these architects and design firms and request such potential firms to provide a proposal with a fee quote. In making our decision, we consider their proposed design concepts, their reputation for reliability and quality as well as our previous experience working with them and the price of their proposed services. We currently maintain strategic relationships with two leading third-party architectural and design firms, namely Shanghai Zhongsen Architecture and Engineering Design Consulting Co., Ltd. and ACO Architects and Consultants Co., Ltd. and expect to deepen our cooperation with such firms in the future. As these pre-selected firms are familiar with our standardized products, they will be able to efficiently assist us and reduce the overall timeframe for design and product development.

In addition, to enhance operating efficiency, our construction management, financial and cost, sales and marketing and contract management departments are also actively involved in project design process, in order to better advise the positioning of our products to meet market demand, which enables for efficient marketing and promotional efforts and expedites the pre-sell of our properties at a later stage.

### **Contractors and Procurement**

#### *Third-party General Contractors*

We outsource the construction work to qualified third-party general construction contractors. We endeavor to establish strategic relationships with selected high quality general construction contractors for

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our multiple property developments. By establishing strategic relationships with contractors who can meet our quality and time requirements and are familiar with our business model and corporate culture, we are able to better control development costs, improve operating efficiency and enhance standardized product implementation. For our property development projects, we will select from one of the strategic general construction contractors to carry out the construction work, with the selection process determined based on the project location, the capacity of the contractors and the technical specification of the projects. We have currently established strategic relationships with five general construction contractors, two of whom hold the State Grade A General Contractor Qualification and three have the State Grade B General Contractor Qualification. The strategic general construction contractors we worked with in 2012 have an established relationship with us for approximately four years. We reevaluate the contracts with such strategic contractors based on their performance and will assess whether to renew the contracts every two years. Current strategic cooperative agreements with the five general construction contractors will expire in December 2013. We believe employing such pre-qualified contractors reduces our development cycle while ensuring the quality of our properties.

All of our general construction contractors, including strategic general construction contractors, and sub-contractors are initially selected through a tender process and each of them is an independent third party from us. During the Track Record Period, we engaged ten, seven, five and five general construction contractors and 253, 255, 231 and 132 sub-contractors and suppliers in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. The fluctuation in the numbers of contractors we engaged during the Track Record Period primarily depends on the amount of construction work required for our projects that are under development.

The third-party contractors are obliged to undertake the entire construction work in strict compliance with laws and regulations as well as our design specifications and time schedules, as specified in our construction contracts. Payments to construction contractors are made in stages upon the completion of each construction milestones in accordance with the construction contracts. Upon the completion of the entire project, we usually settle approximately 95% of the total contract price while holding back the remaining 5% as retention fee for warranties purpose. The construction contractors are required to provide us with warranties, with a warranty period generally ranging from two to five years, for any losses we may incur as a result of not meeting contractually or statutorily specified quality standards. The unused portion of the retention fee will be returned to the contractors after the warranty period has expired. We may also agree to settle the 5% retention fee in equal annual installments usually over a period of four years. However, we will also be able to clawback any portion of such retention fee already remitted to the contractor to cover any losses we may incur that is greater than the unremitted portion. In addition, under circumstances where the construction schedules are delayed for more than the period of time as stipulated in the contracts, we will also be entitled to a pre-determined amount as penalty payment and, in some cases, we will have the right to terminate the contracts. Our Directors believe that the amount of retention fee we withhold under our construction contracts is in line with the industry practice in the PRC and is sufficient to cover the construction warranties provided to our customers under the sale and purchase agreements.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, save as disclosed in “— Legal Proceedings”, we were not subject to any material penalty, claim, or direct loss resulting from unsatisfactory work performed by third-party contractors or from construction delays.

### *Procurement*

Certain building construction materials, such as steel and concrete, are procured by the third-party construction contractors we engage although we typically designate the brands and quality requirements of

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these construction materials as part of our construction agreements, and identifies the suppliers in which such materials and equipment should be purchased. For our current agreements with strategic general construction contractors, the price for steel and concrete will be determined by the market price discounted by an agreed upon percentage as stated in the agreement. However, for prior agreements with our general construction contractors that are still in effect, we and our contractors usually specify the price range within which the total construction contract price will remain fixed. If the price fluctuate outside such initial specified price range, the parties will share the risks equally, or, if the price fluctuate even further above such secondary price range, we will be solely responsible for the price increase or enjoy the benefit of the price decrease. We may also purchase certain raw materials, such as exterior wall bricks and electricity meter boxes, directly with suppliers and supply the same for the contractors to install.

We have also entered into strategic relationships with sub-contractors and suppliers of key construction materials and equipment to purchase, and in certain circumstances, install such materials and equipment. Such strategic sub-contractors and suppliers are selected through a tender process and we currently maintain such strategic relationship with 69 sub-contractors and suppliers, covering suppliers for construction materials, exterior and interior decoration materials as well as electronic equipment. The strategic agreements with third-party suppliers generally have a term of two years and we will re-evaluate such suppliers when the agreements expire and assess whether to renew our agreements with them. The strategic agreements usually provide a fixed price range for the new materials to be purchased by us and it does not provide the minimum amounts we are required to procure. We will identify these key strategic sub-contractors and suppliers to our general contractors to purchase and install the relevant construction materials and equipment.

### **Project Construction**

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the construction land planning permit, the construction work planning permit and the construction work commencement permit (which will only be issued after the land use rights certificate, the construction land planning permit and the construction work planning permit are obtained). During the Track Record Period, we did not experience any significant delays in obtaining the aforesaid certificates and permits. As at the Latest Practicable Date, except for the projects we had not commenced construction, we had obtained land use rights certificates and all relevant certificates and permits as required by the PRC laws and regulations for all of our projects under development and projects held for future development.

Moreover, we are also required to commence construction of our developments within the time prescribed by PRC laws and regulations, or otherwise our lands may be regarded as “idle land” and as a result we may be subject to certain penalties. Under the Measures on Disposing of Idle Land promulgated by the MLR on April 28, 1999 and revised on June 1, 2012, “idle land” is defined as the granted state-owned construction land that (i) failed to commence construction within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area in construction is less than one third of the total ought to be in construction or the invested capital is less than 25% of the total amount of capital ought to be invested. Our PRC legal adviser has reviewed land grant contracts, land use right certificates and other construction documents of all of our projects in the PRC, and nothing has come to their attention that would suggest that any land owned by the Group would be regarded as idle land, or as a result of which, the Group would be subject to any penalties or confiscation of land during the Track Record Period and up to the Latest Practicable Date.

We develop and manage our projects through our construction management department at the headquarters level and also through the individual construction management teams of our project companies. The construction management department at our headquarters level makes major strategic determinations and sets strategic parameters for our project construction process, including overall project construction planning and periodic targets, scope and size of construction work, selection of key construction contractors and the procurement of key raw materials and equipment. Construction management departments at the project company level oversee the day-to-day construction process of their respective projects. The construction management department at our headquarters coordinates with various project companies on an on-going basis through various progress meeting and reporting mechanisms.

### **Project Monitoring and Control**

#### *Time Control*

Our rapid-asset-turnover policies requires significant operating efficiency and project execution capability. We have established a project schedule management system which specifies the timeframe in which each milestone needs to be achieved during the project development process. We divide project monitoring into three levels. The highest level is overseen by our senior management, responsible for overall development timeline, monitoring the progress of major milestones, such as the timing of construction commencement, the beginning of the pre-sale process and sales velocity. The next level is overseen by the construction management department at our headquarters level, which target its review on the inspection of major construction related milestones. Finally, our local project companies will be in charge of monitoring the daily progress of the construction processes, and provide reports to our headquarters upon the completion of each said milestones. Such project schedule management system enables us to monitor the pace of each project development in a timely manner and to quickly identify any potential delays. Once a potential delay is identified, our local project companies and our construction management department will aim to implement remedial measures to shorten the time frame for future milestones to ensure that the overall project timeline will not be compromised or to reduce the impact of such delay. In addition, we provide detailed project construction timeline in contracts with third-party construction contractors and will closely monitor that such timeline is met.

#### *Quality Control*

High quality residential properties are critical to our reputation and business success. We have placed, and will continue to place, significant emphasis on quality control over our project development to ensure regulatory compliance and high quality residential products. Quality control starts with the selection of high quality construction contractors, and we have already established strategic relationships with five such construction contractors. See “— Project Construction.” We inspect and review the qualification and performances of these contractors regularly to ensure they are performing up to our standards. We also perform extensive due diligence in the selection of other third-party service providers as well, including external architecture and design firms and raw material suppliers, based on their reputation, track record, qualification and financial condition.

We have also established a comprehensive set of standardized technical and quality inspection guidelines that provide detailed requirements as to quality control standards and specifications for all major aspects of our construction processes. Our quality inspection guidelines calls for regular inspection of all our construction sites to ensure quality and safety at the project company level. In addition, our

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construction management team at the project company level is required to submit a monthly quality control report to the construction management department at our headquarters level. The construction management department at the headquarters level will organize extensive on-site inspections on a quarterly basis and carry out random spot checks from time to time. Such inspections includes on-site document reviews, employee interviews, work condition and product quality checks, information collection regarding safety and environmental issues. If any material concern is detected, our construction management department will inform the relevant project companies to take remedial measures within five days and will conduct additional inspections to ensure the deficiency is eliminated. Our construction management teams at both our project company and headquarters level are comprised of qualified engineers and construction technicians.

In compliance with relevant PRC laws and regulations, we also engage qualified construction supervision companies to monitor certain aspects of our project construction, who shall report the progress and the quality conditions of the projects on a regular basis.

Our Directors confirm that during the Track Record Period, we had not encountered any material quality problems nor receive any material complaints about the quality of our projects. Our Directors confirmed that, during the Track Record Period, there were no non-compliance incidents relating to safety or accidents during the construction of our property projects that resulted in material injuries or fatalities of the construction workers. Our Directors further confirmed that there was no material violation of currently applicable PRC labor and safety regulations nor were there any material employee safety issues involving our Group. During the Track Record Period, no fines or penalties for non-compliance of PRC labor and safety laws and regulations were imposed on us.

### *Cost Control*

Led by our financial department and involving construction management, sales and marketing, design, contract management departments at our headquarters as well as management of the project companies, we have established a centralized and standardized procedure to set the relevant budget for our projects, including how to assess the different cost components. For each project development, the relevant project company, as approved by its general manager, shall prepare a master budget, which will be submitted to the contract management and financial departments at the headquarters level and then ultimately approved by our chief executive officer.

We have established a dedicated contract management department at our headquarters to record and monitor all construction and supplier contracts entered into. The contract management department review and ensure that the relevant contracted amount and payment schedule is in accordance with those set forth in our master budget. The contracts are recorded in our contract management system that forms part of our management information system. The contract management system provide us with the capability to keep track of payment schedules which help us to manage our payments and cash flow. Our financial department reviews and verifies the actual costs incurred in detail and compare such costs with the master budget and with similar expenses incurred at our other projects on a monthly basis. We believe such cost control procedures enables our management to identify and anticipate situations where actual cost may exceed the initially approved budget and to take the appropriate remedial measure in a timely manner as a result. In the event that the master budget for a project need to be revised, approval from our senior management must be obtained. In addition to our cost control procedures, our standardized and centralized procurement policy also contributed to our ability to control development cost.



### **Sales and Marketing**

#### *Pricing*

Prior to the launch of pre-sale for each project, our strategy department at our headquarters level, in consultation with our other departments, including sales and marketing, financial and customer service, will establish the overall marketing budget and target ASPs based on the original feasibility study conducted for the project. Marketing budget plans and target prices are then reviewed and modified at the end of each year by our strategy department, based on the then market condition and actual pre-sale activities of each project.

We price our properties primarily based on the estimated total costs and target profit, while also taking into account the prices of comparable properties in the same area and recent prevailing market price trends. Our sales and marketing team at the project company level will closely monitor and analyze the pricing strategies and promotion campaigns of other competing properties and propose adjustment to our marketing and pricing strategies as appropriate.

Due to the highly competitive and evolving nature of real estate industry in China, we are required to constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. Price adjustment, whether upwards or downwards, is usually proposed by the sales and marketing team at the project company level, which will then be carefully reviewed and require approval by the management of the relevant project company and the sales and marketing department at our headquarters level as well as our senior management.

#### *Marketing Efforts*

Our in-house sales and marketing team was established at both the project company and our headquarters level. The sales and marketing department at our headquarters is in charge of controlling project marketing budget, provide strategic marketing advices and local sales and marketing staffing. The sales and marketing teams of our local project companies, on the other hand, are responsible for the production and execution of detailed project marketing plans.

Except for the three projects which currently engaged external real estate sales agencies, each of the local project company has its own sales and marketing personnel. Our sales and marketing team is generally involved from the early stage of project development to ensure that our property developments are well-positioned and priced by providing valuable information relating to our target market, local pricing information, customers and estimated sales velocity. We believe by establishing and strengthening our own sales and marketing team, and leveraging the supports of our other departments, we are better positioned to gain deeper understanding of the market place in order to improve our marketing and pricing efforts, and better able to identify industry trends and customer demands that can benefit in optimizing our products. Furthermore, we believe the interest of our own sales and marketing team are better aligned with our Group as compared to external real estate sales agencies, our own sales and marketing team is better positioned more motivated and efficient. We expect to use our own internal sales and marketing team to promote and sell all of our properties in the future.

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We implement traditional marketing efforts, including outdoor billboards, advertisement on newspapers, magazines, television and internet. We also take advantage of various new marketing channels to expand our reach to potential customers. For example, in cities where e-commerce is popular, such as Changzhou, Tianjin and Chongqing, we coordinate with well-known e-commerce websites to promote our properties. Our sales and marketing staff will also distribute project promotion information via direct mails, text messengers or phone calls.

In addition, we used to engage external real estate sales agencies to facilitate the sales and marketing of our projects prior to establishing our own internal sales and marketing capability. As at the Latest Practicable Date, only three of our projects retained the use of such agencies due to uncompleted contracts.

We believe we provide relative competitive incentives to our sales and marketing staff, based on the performance evaluation of such individual sales and marketing personnel and their marketing teams.

### *Pre-sales*

We generally commence the pre-sales of our properties prior to completion of construction. Prior to starting pre-sale, we will complete and stage select demonstration units and display areas in order to provide visual presentations to our customers as to the quality of our products. We launch pre-sale upon the receipt of pre-sale permits in accordance with the PRC laws and regulations. Among others, we must fulfill the following conditions before we can obtain the pre-sale permits:

- the land premium is paid in full and the land use right certificate must have been obtained;
- the construction work planning permit and the construction work commencement permit must have been obtained;
- in terms of the commodity buildings put into pre-sale, at least 25% of the total amount of investment fund has been injected into the development and the progress of construction and the expected completion and delivery dates have been ascertained; and
- the pre-sale has been registered and a pre-sale permit has been obtained.

In addition, property developers are also required to use a standard pre-sale contract prescribed by the local authorities.

Our Directors confirmed that during the Track Record Period, we did not experience any significant delays in obtaining the aforesaid certificates and permits.

### **Delivery and After-sales Services**

#### *Payment Arrangements*

Our customers can make the payment in one lump sum by cash, or by install payments with mortgage financing. We typically asked our customers to pay a non-refundable deposit before entering into the sales or pre-sales contract. The deposit will be forfeited if the customer decides not to sign the formal sales or

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pre-sales contract. The deposit will be deducted from the purchase price if the customer later opts to settle the payment in full by cash. We usually require customers to pay 30% of the total purchase price on the contract date and to settle the remaining 70% within one month after entering into the sales or pre-sales contracts.

Customers may also choose to fund their purchases using mortgage loans provided by commercial banks. In this case, they will be required to pay a non-refundable down payment of approximately 30% to 60% of the purchase price upon entering into the sales contract in accordance with the terms stipulated in the contract, depending on whether it is their first mortgage. The remainder of the purchase price will normally be paid by the mortgagee bank within one to three months, depending on the approval process of relevant mortgagee banks. Under the relevant PRC laws and regulations, our customers may obtain mortgage loans with a repayment period of up to 30 years. In addition, these customers must pay to us the outstanding balance of the purchase price that is not covered by the mortgagee banks.

In line with market practice in China, we assist our customers with obtaining mortgage loans and provide guarantees as security for mortgage loans provided to the customers. We do not conduct independent credit checks on the purchasers but rely on credit checks conducted by relevant banks. As with other property developers in the PRC, we are usually required by the banks to guarantee the customers' obligations to timely repay the mortgage loans on the property. The guarantee periods normally last until the release or satisfaction of the repayment obligations after (i) the relevant property ownership certificate is delivered, or (ii) the mortgage loans are settled between the mortgagee banks and our customers. If a purchaser defaults under a mortgage loan, we are obligated to repay all debt owed by the purchaser to the mortgagee bank under the loan, after which the mortgagee bank will assign their rights under the loan and the mortgage to us and, after registration of change of mortgagee, we will have full recourse to the property.

As at December 31, 2010, 2011 and 2012 and June 30, 2013, our outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB507.8 million, RMB764.4 million, RMB1,771.0 million and RMB2,114.9 million, respectively. Our general policy is that for purchasers purchasing through mortgage loans, if purchasers default on subsequent payment after the initial down payment, the full amount of their down payment is forfeited. During the Track Record Period, we have not encountered defaults by purchasers that, in aggregate, had a material adverse effect on our financial condition and results of operations.

### *Delivery of Properties for Sale*

We aim to deliver properties to our customers within the time frame prescribed in the sale/pre-sale and purchase contracts. Under the current PRC rules and regulations, we are required to obtain a "Record of Acceptance Examination Upon Project Completion" prior to delivering properties to our customers. During the Track Record Period, our Directors confirmed that we did not experience any significant delays in the completion of our projects or delivery of relevant title documents after sale.

Delivering quality properties and providing high purchasing experiences to our customers are important factors to the success of our business. During construction, we will invite certain customers to visit the project under development and inspect the quality on one hand and collect customer feedback on the other. Prior to delivery of properties to our customers, our construction and engineering management department conducts on-site inspections to ensure such properties are in compliance with statutory requirements and satisfactory condition. Our property management company also conducts on-site

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inspections as to the functionality of the units. We then arrange for our customers to inspect their purchased unit prior to the expected delivery date to ensure the properties meet our prescribed standards as well as our customers' expectations. Once requisite records and certificates are obtained and the relevant acceptance inspection is conducted, we will notify our customers in respect of delivery. We will assist customers in applying for property ownership certificates and stay closely in touch with them after delivery to gather feedback for future improvement of our products and services.

### *After-sales Services*

We have a dedicated customer service team that provide comprehensive after-sales services. Our customer service team is also responsible for collecting and analyzing customer data through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedback to construction management team to improve our operation, including project design and marketing strategies.

We have also established a membership program in certain of our properties in which purchasers of such property are automatically enrolled. The membership program provides our customers with rewards when they purchase properties from us or recommend new customers to purchase our properties, which enables our members to receive discounts when they purchase other properties from us in the future. The membership program also offer other premium services or activities as well, such as discounts with local merchants near our properties. We believe such membership program enables us to establish better relationships with customers, build customer loyalty, foster brand awareness, solicit timely customer feedbacks and also to handle customer complaints. We intend to rollout such membership program to our other projects as well in the near future.

To monitor and also to further enhance our customer services, we have engaged Gallup Consulting to conduct annual customer satisfaction surveys in recent years for our projects. In 2012, the survey indicates that our overall customer satisfaction is at the top end in the industry pursuant to Gallup Consulting's industry database.

### *Customer Complaint Resolutions*

We are subject to various customer complaints from time to time during our ordinary course of business. A significant number of such complaints relate to the common construction and installation defects of properties in our industry. These construction and installation defects are usually minor and have not caused any material adverse impact on our sales proceed collection during the Track Record Period. To develop and deliver high quality properties, we have adopted a series of quality control measures, including (i) improving our property quality through optimizing our design, development and engineering techniques, (ii) selecting, engaging and establishing strategic relationships with general contractors for construction that have proven credential and established track record, (iii) enhancing our monitoring over the project construction process, including engaging qualified construction supervision companies and increasing the frequency of on-site inspections during the construction process, (iv) increasing the frequency of on-site inspections by our construction management team and property management team before delivering each property to our customers; and (v) after the delivery, our customer service team, which is staffed with property maintenance engineers, actively follows up with customer complaints. We have implemented property maintenance management procedures since June 2010, which provide detailed procedures that our customer service team is required to follow in response to customer complaints, in

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particular, complaints about property quality. For example, our customer service is provided on a 24/7 basis and our maintenance engineers are usually required to conduct on-site inspection and repairment or maintenance work within 30 minutes (or 15 minutes on an urgent basis) after receiving a customer complaint about property quality. Third-party engineering or installation companies may be engaged by us in case the maintenance work requires additional professional expertise. Our customer service team is required to record and archive all the information relating to a customer complaint according to our property maintenance management procedures, including every on-site inspection report and communication and correspondence with the relevant customer. According to these the maintenance management procedures, the responsible maintenance engineer is required to pay a return visit within one month upon the completion of the repairment or maintenance work to ensure such work meets the quality standards and to collect customer feedback. Our customer service management team is required to review the written records of customer complaints on monthly basis and submits its review report to our construction engineering team for reference.

During the Track Record Period, we received 621, 95, 70 and 35 customer complaints about the quality of our properties, primarily due to minor construction and installation defects. We made compensation payments for such complaints in the amount of RMB1.4 million, RMB0.2 million, RMB0.4 million and RMB0.2 million, respectively, in 2010, 2011 and 2012 and the six months ended June 30, 2013, representing approximately 0.06%, 0.01%, 0.01% and 0.02% of total revenue during the same periods, respectively. Such compensation had been paid to the relevant customers. Our Directors are of the view that our current product quality control measures are sufficient, which has led to the continuous decrease in the number of customer complaints about out property quality we received during the Track Record Period.

In addition, we are also subject to customer complaints in relation to the delay in delivery of property title documents subject to the purchase agreements entered into with our customers, due to various reasons, including longer time required for completing the relevant procedures than expected or delay in commencing the relevant procedures, including but not limited to the examining procedure by the relevant land use right authorities and the registration, approval and certificate production procedures by the relevant property right authorities. In order to enhance customer satisfaction and mitigate customer complaints in this regard, we amended our internal property development master plan and management procedures in July 2011 to include the requirement that the application for and obtain of property title documents shall be completed within a specific timeframe according to the relevant development master plan for each of our project. We have also increased our communication with the relevant government authorities to actively follow up on the status of certificate applications, aiming to speed up the registration and approval process. By strictly implementing such procedures, we are able to timely apply for and deliver the property title documents to our customers pursuant to relevant purchase agreements, which in turn efficiently reduces the number of customer complaints relating to the delay in delivery of property title documents. During the Track Record Period, we received 930, 267, 283 and 50 of such claims from certain customers. We incurred compensation expenses of RMB7.7 million, RMB2.4 million, RMB1.9 million and RMB0.3 million in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, representing approximately 0.30%, 0.07%, 0.05% and 0.02% of total revenue during the same periods respectively, for such occasional delay in delivery of the title documents to certain customers after sale. Such compensations had been paid to the relevant customers. Our Directors are of the view that our current control measures over property title document application procedures are sufficient, which has contributed to the decrease in the number of customer complaints we received during the Track Record Period.

Commerce & Finance Law Offices, our PRC legal adviser, is of the opinion that our failure to deliver the title documents timely to customers as prescribed by contracts may result us in default liabilities, but we should not be regarded as contravening any of PRC law.

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### INVESTMENT PROPERTIES

As at August 31, 2013, we had one completed investment property, namely Shanghai Jingrui Life Square, which was completed in August 2008. Approximately 25,442 sq.m. of Shanghai Jingrui Life Square are held by us for investment purposes. Rental income in connection with this property was RMB8.6 million, RMB9.8 million, RMB10.1 million and RMB4.4 million in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively.

We determine whether our properties will be sold or retained for investment purposes in the early stages of developing each of our projects, by taking into consideration various factors such as location, land use plans, regional market conditions, supporting commercial facilities and our commercial interests. Although we currently focus on the development of residential properties for sale, we may in the future decide to increase our investment property portfolio in response to changing market condition and customer demand.

### PROPERTY MANAGEMENT SERVICES

We place great emphasis on property management as we believe it enhances property value for our customers and improves our brand and reputation. As part of our integrated operation, our property management team normally becomes involved in the early stage of property development process and participates throughout the overall project planning and design stage to provide advice from property management perspective based on their understanding of the habits and behaviors of potential residential property owners. Our property management team also commences its service prior to the launch of pre-sale and plays supporting role at the project for our on-site sales and marketing team.

We provide property management services to owners of all properties developed by us through our wholly owned subsidiary, Shanghai Jingrui Property Management, which holds the level one property management permit and is a standing member of the Trade Association of Shanghai Property Management (上海市物業管理行業協會) and China Property Management Institute (中國物業管理協會). Shanghai Jingrui Property Management also obtained ISO9001, ISO14001 and OHSAS18001 certifications for its quality management, environmental and health and safety systems, respectively, issued since 2007. Headquartered in Shanghai, Shanghai Jingrui Property Management currently has 14 branch offices in China, currently serving properties with an aggregate GFA of over 5.1 million sq.m., which also includes non-residential properties developed by third-parties. The services generally include security, cleaning, property and facility maintenance and other ancillary services. In addition, leveraging our experienced and outstanding property management expertise, we provide property management consulting services, offering advice and training programs for third-party property management companies. Currently, we have entered into consulting services agreements in connection with three properties developed by third parties.

We typically enter into property management contracts with property owners which specify the services to be offered, the scale of such services, the quality requirements and the fees to be charged for such services. We charge our customers management fees on a monthly or quarterly basis. According to relevant PRC laws and regulations, the standard rate set out in the property management contracts cannot be raised without the approval of the majority of property owners. Under PRC laws, property owners have the right to engage or dismiss a property management company with the consent of more than half of the total number of the owners and the owners who exclusively hold more than 50% interest in the total construction area of the building. As at the Latest Practicable Date, our property management teams had not been dismissed from the management of any properties it serves.

Our outstanding property management services have won numerous prizes and awards. For example, Shanghai Jingrui Property Management was awarded the “Outstanding Contribution Prize” Shanghai (上海行業突出貢獻獎) by China Property Management Institute (中國物業管理協會) in 2011 and the Trade

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Association of Shanghai Property Management (上海市物業管理行業協會) in 2012, respectively. Our properties under its management, including Taizhou Jingrui Royal Bay in Taizhou, Changzhou Jingrui Dawn City in Changzhou, and Tianjin Jingrui Sunny City in Tianjin, were named as Excellent Residential Community (優秀住宅小區) by respective local Bureau of Land Resources and Housing Management.

As at the Latest Practicable Date, our property management had a total of 1,075 employees.

### SUPPLIERS AND CUSTOMERS

Our major suppliers are construction material suppliers and construction contractors. The five largest suppliers accounted for approximately 14.1%, 22.3%, 42.8% and 40.4% of our total purchases for the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Our single largest supplier for each of the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 accounted for approximately 3.7%, 9.7%, 17.5% and 18.6% of our purchases, respectively.

Our five largest customers accounted for approximately 5.2%, 11.5%, 0.7% and 2.5% of our total revenue for the three years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively, and our largest customer accounted for approximately 4.2%, 9.8%, 0.3% and 0.7%, respectively, of our total revenue during those periods. The largest customer in 2011 was an independent third party who purchased a significant portion of retail areas in our Shanghai Jingrui Fair Town to operate its business.

None of our Directors, their associates or any Shareholders that, to the knowledge of our Directors, owns more than 5% of our share capital as at the Latest Practicable Date, has any interest in any of our largest suppliers and customers aforementioned.

### FINANCING ARRANGEMENTS

Property developments require substantial capital investment for land acquisition and construction and it may take many months or years before positive cash flows can be generated. We have historically funded our growth principally from proceeds from pre-sales and sales of our properties, bank and other borrowings and trust financings. Our financing methods vary from project to project and are subject to limitations imposed by the PRC regulations and monetary policies. According to the Notice on Adjusting Capital Ratio of Fixed Asset Investment Projects (關於調整固定資產投資項目資本金比例的通知) issued by the State Council on May 25, 2009, no less than 30% of the total investment in a property development project shall come from a real estate developer's own capital for the development project.

We generate most of our operating cash from property sales and pre-sales and we believe we maintain a healthy level of cash position, due to our prudent financial strategies. For more details of our cash flows during the Track Record Period, please refer to the section "Financial Information — Liquidity and Capital Resources."

#### *Bank and Other Borrowings*

We finance our property developments from commercial banks and micro-credit companies. As at December 31, 2010, 2011 and 2012 and June 30, 2013, our outstanding bank borrowings were RMB2,368.3 million, RMB3,217.3 million, RMB2,814.9 million and RMB2,430.1 million respectively. In 2012, we also made short-term borrowings of RMB30.0 million from Shanghai Hongkou Hongye Micro-Credit Co., Ltd. as it could offer more flexible one-time drawdown and one-time repayment arrangements as compared to commercial banks, so as to meet our liquidity needs at that time. Shanghai Hongkou Hongye Micro-Credit Co., Ltd. is a micro-credit company located in Shanghai. This loan was fully repaid in June 2013. Upon review of the loan agreement of the borrowing mentioned above, our PRC legal adviser is of the opinion

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that the Group complied with applicable PRC laws and regulations in relation to such loan agreement, and the loan agreement is legally enforceable and binding on the counterparties.

In addition, we also finance our property developments by funds raised from collective assets management plan. Units are issued and sold under a collective assets management plan to subscribers through a financing service provider holding competent license approved by the CSRC allowing it to engage in such business. Funds raised from subscribers are used pursuant to the contracts entered between each of the subscribers and the company issuing such units under collective assets management plan.

In August 2013, Caitong Securities Co., Ltd. issued a collective assets management plan for the project developed by Ningbo Jingrui, pursuant to which we pledged 30% equity interest in Ningbo Jingrui to the subscriber to this assets management plan at a consideration of RMB60.0 million and obtained a borrowing in the principal amount of RMB440.0 million in the form of an entrusted bank loan. The loan is subject to (i) a fixed rate of return, which represents (a) the annualized interest rate of 10.0% on the amount of RMB60.0 million, (b) the effective interest rate of 12.0% on the amount of RMB440.0 million for a term of two years; (ii) a floating return, which will be determined based on, upon the expiry of the loan, the valuation of the 30% equity interest in Ningbo Jingrui transferred as collateral to the borrowing provided by a qualified valuation company, minus the total interests paid calculated in accordance with formula (a) above, and (c) RMB60.0 million for the repurchase of the pledged 30% equity interest in Ningbo Jingrui. The loan is also guaranteed by Jingrui Properties (Group). The loan has a term of two years and we are required to pay interest on the borrowing on July 20, 2014, December 20, 2014 and the expiry date of the loan, respectively, and repay the principal amount of the loan on the expiry date of the loan. Jingrui Properties (Group) is obliged to repurchase the 30% equity interest in Ningbo Jingrui upon the request from Caitong Securities Co., Ltd. or the subscriber, when (i) the loan is timely and fully settled pursuant to the relevant agreement, or (ii) the sold/pre-sold GFA of the properties developed by Ningbo Jingrui exceeds 70% of total saleable GFA, or (iii) the effective term of the loan exceeds 18 months but is less than 24 months. As at August 31, 2013, the total outstanding balance was RMB307.0 million and as at September 30, 2013, we had drawn down an aggregate of RMB313.0 million. Commerce & Finance Law Offices, our PRC legal adviser, is of the opinion that the entry into the above collective assets management plan by our Group does not contravene any applicable PRC laws and regulations, and the relevant agreements entered into by the Group under the collective assets management plan are legally enforceable and binding on the respective counterparties.

For more details of our bank and other borrowings during the Track Record Period, please refer to the section “Financial Information — Indebtedness.”

### ***Trust Financing Arrangements***

#### **Overview**

In addition to banking facilities, property developers in the PRC may obtain alternative financing from trust financing arrangements. Trust financing arrangements are funding arrangements provided by trust funds, raised and managed by qualified trust financing providers with the CBRC that acts as trustee of these funds. Only investors who satisfy certain criteria under the “Measures for the Administration of Trust Companies’ Trust Plans of Assembled Funds” promulgated and revised by the CBRC in February 2009 may subscribe to become unit-holders of these funds.

Trust financing is a type of financing transaction recognized by the PRC laws and it has become more and more popular among property developers who seek alternative sources of funds. Trust financing can be arranged in various forms, including equity transfers, capital injection, equity acquisition, shareholder loans, or secured loans granted by trust financing providers acting as the trustee of the respective trust funds. Trust financing providers may enter into secured loan arrangements with pledges or security interest,



guarantees, capital injection, equity transfers, repurchases and/or, loan assignments. As with many other property developers in the PRC, we also enter into trust financing arrangements in the ordinary course of business to finance our property development, property management and other related operations. For additional information as to the relevant laws and regulations applicable to trust financing arrangements, see “Summary of Principal PRC Legal and Regulatory Provisions — Real Estate Loans — Trust Financing” in Appendix IV of this prospectus.

### **Benefits and Costs of Trust Financing Arrangements Compared with Commercial Bank Loans**

Compared with bank borrowings, trust financings usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, which constitute an effective alternative source of funding for some of our project developments particularly during the tightened banking credit environment in 2010 and 2011. Terms and security structures of bank facilities are subject to rigid regulatory and internal compliance requirements of each bank. Trust financing arrangements, on the other hand, are relatively more negotiable and are available in varying and relatively more flexible structures, which can be more readily adjusted to suit the capital structure of each project company, the risk-return profile of each property project and the funding requirements of our project development process. This is notwithstanding the fact that the terms and conditions of the trust financing arrangements are subject to the internal approval procedures of the relevant trust financing provider, and the trust financing provider is required to make a filing with the CBRC in respect of any such financing arrangement. While drawdowns on bank borrowings generally depend on actual construction progress, drawdowns on trust financings may be made in full in one or multiple installments as agreed with the relevant trust financing providers. Time required by a trust financing provider for internal review and approval for each loan application are typically shorter than that of a commercial bank. Furthermore, trust financing arrangements normally require a one-time repayment of principal at the expiry of their terms. Unlike customary bank loans which may require principal repayments in installments from time to time prior to the completion of the project, trust financing arrangements generally offer us better flexibility in managing our cash flows. As a financing service provider, in addition to interest payments, a trust financing provider usually charges us an administrative fee for trust management service. Under certain trust financing arrangements, the trust financing provider is entitled to designate directors to monitor the business operations of the relevant borrowing company. See “— Trust Financing Arrangements Entered into by Us — Control over the project companies” below.

We are not permitted to transfer or assign our rights and obligations under the loan agreements to any third party without the prior consent from the relevant commercial bank or trust financing provider. To ensure the loans for which there are agreed uses are properly applied, both commercial banks and trust financing providers normally stipulate certain monitoring measures in their loan agreements. For example, we are required to provide interim financial statements, property development and sales schedules to the relevant bank or trust financing provider upon its request. Under certain loan agreements with commercial banks, we are also usually required to open a specific escrow account with the bank and deposit certain portion of the proceeds from the sales of relevant properties to this account, which are not freely transferable without obtaining the prior consent from the bank. On the other hand, under certain trust financing agreements, we are required to report to the relevant trust financing provider as to the use of proceeds on a regular basis. In addition, we are subject to restrictive covenants under certain loan agreements with both commercial banks and trust financing providers. For example, we are prohibited from carrying out any merger, restructuring, spin-off, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without the written consent of the relevant bank or trust financing provider.

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However, trust financing providers do not usually link their interest rates to the PBOC benchmark interest rates. Associated with the benefits offered by the trust financing arrangements mentioned above, we are usually subject to higher financing costs due to the higher interest rates charged by these trust financing providers, in part because commercial banks usually require more guarantees and/or pledges from borrowers as compared to trust financing providers. In addition, commercial banks are generally subject to more stringent administrative regulations and policies and therefore may only provide financings to a limited number of qualified borrowers, which enables trust financing providers to competitively price their services and provide financings to a broader range of potential borrowers. Our Directors believe that the major terms of the trust financing arrangements we have entered into are in line with industry practice.

As at December 31, 2010, 2011 and 2012 and June 30, 2013, our outstanding trust financing were RMB610.0 million, RMB748.7 million, RMB1,144.8 million and RMB2,234.7 million, respectively. For more details of our trust financings during the Track Record Period, please refer to the section “Financial Information — Indebtedness.”

Given the growth in trust financing arrangements provided to PRC property developers, the PRC government may implement more stringent measures to control risks in loan growth, which could limit the amount that trust financing providers can make available for the PRC property development industry. Further, trust financing providers are regulated by the CBRC and are required to satisfy its requirements and procedures before they can extend trust financing to the relevant borrower. In the event that trust financing arrangements become limited or are no longer available to us, the future growth rate of our business and prospect could be adversely affected, as we may need to allocate our existing cash from proceeds generated from the sales and pre-sales of our properties to the construction of our projects rather than using such cash to acquire additional land parcels, and become limited in the number of projects that we will be able to develop at the same time. However, in addition to bank loans and trust financing arrangements, there are other modes of project development which we may use, such as by cooperating with third parties or through joint ventures to develop our property projects, which we have engaged in the past for certain of our projects. We believe such alternative modes of project development will provide us with the necessary support to grow our business in the future, even if the availability of trust financing become limited.

### **Trust Financing Arrangements Entered into by Us**

Trust financing arrangements in the PRC are available in various forms. Our secured trust financings are broadly categorized into two types:

- Type 1 trust financing arrangements: trust loans in which the equity interest in, or the land use rights held by, the borrowing company or its related parties, are pledged to the trust financing provider (as trustee of the respective trust fund) as security for the loans.
- Type 2 trust financing arrangements: trust loans in which the minority equity interests in the borrowing company are acquired by the trust financing provider (as trustee of the respective trust fund) through equity transfer, with the remaining equity interest held by us in the relevant project subsidiary to the trust company; we undertake to repurchase the minority equity interests at a pre-determined repurchase consideration at the expiry of the term of the respective trust financing arrangements.

Our trust financing arrangements are also secured by other security or guarantees, including corporate guarantees, personal guarantees by our Controlling Shareholders, or pledges of land use rights of the relevant property projects.

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At maturity, and upon the satisfaction of the terms for repayment, the corresponding guarantees and project liens will be released in accordance with the relevant agreements and, as the case may be, the pledge of the equity interest in the relevant project subsidiary is released and/or the minority interest in the relevant project subsidiary is repurchased from the relevant entities provided in each trust financing arrangement. The trust financing arrangements generally do not include cross-default provisions. We believe these agreements we have entered into are in line with industry practice in the PRC.

We entered into 18 trust financing arrangements during the Track Record Period and up to the Latest Practicable Date, among which eight were type 1 trust financing arrangements and ten were type 2 trust financing arrangements. As at the Latest Practicable Date, five trust financings were repaid and discharged. We currently maintain business relationships with eight trust financing providers and six of type 1 and seven of type 2 trust financing arrangements are outstanding. Upon reviewing the relevant certificates and qualifications of the eight trust financing providers, our PRC legal adviser, Commerce & Finance Law Offices, is of the view that all such trust financing providers were duly authorized and licensed to provide trust financing services under the applicable PRC laws and regulations.

### *Control over the project companies*

We retain the rights and control in respect of the daily operation and management of our project companies and borrowing subsidiaries. The lending trust financing providers usually do not actively participate in the operation and management of the relevant project companies or borrowing subsidiaries. Under our type 1 trust financing arrangements, we are generally not required to obtain the prior consent from the trust financing providers in respect of operational activities during our ordinary course of business. Under certain of our type 2 trust financing arrangements, the directors designated by the trust financing provider may review and cast their votes on certain material operating activities, see “— Veto right” below.

### *Board representation*

Under certain of our type 2 trust financing arrangements, the trust financing providers are entitled to appoint a minority number of directors on the board of our project companies or borrowing subsidiaries. We retain the majority board seats in all the relevant subsidiaries, therefore, we retain control over the decision making of such boards. During the Track Record Period, there had been no dissenting vote cast by any of the board representatives appointed by the trust financing providers.

### *Control over underlying properties*

Since we retain the rights to appoint a majority number of directors in the relevant project companies, we retain our rights to develop, manage and operate the property projects undertaken by our project companies and are entitled to market and sell properties without any consent of the trust financing providers.

### *Veto right*

Under one of our outstanding type 2 trust financing arrangements, the trust financing provider is entitled to a veto right to certain matters that may materially affect the relevant trust fund's interests to recoup its fixed income return. Such rights are consistent with customary protection given to the creditors under secured borrowing transactions. During the Track Record Period, none of the board representatives of the relevant trust financing provider has exercised the veto rights. According to the trust financing arrangements, the director designated by the trust financing provider may exercise the veto right to material

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matters relating to the relevant project company, including but not limited to the review and approval of its annual financial budget plans, the transfers, sales, assumptions or other means of disposal of its equity interest, any transaction or arrangement between the project company and its related parties, any merger, investment, asset transfer or disposal, loan or financing, lease over one year, or any litigation that is over RMB1.0 million, any contract with a total consideration over RMB0.5 million, and the review and approval of amendments to material internal administrative and financial procedures.

Although the trust financing provider is entitled to veto right in our project company, such veto right was merely protective rights designed and effected to provide enhanced security to the trust financing provider in respect of our negative covenants given under the type 2 arrangements pursuant to which we may not operate our business in such a way that deviates materially from the pre-determined financial and operating policies. Our Directors have confirmed that such veto right is designed in line with the interests of our Group and it does not negatively affect our Group's control over the relevant project company.

### *Repayment*

The terms of our trust financing arrangements range from 12 to 30 months. We have normally discharged our repayment obligations under these arrangements by utilizing proceeds from sales and pre-sales of our properties. During the Track Record Period, we had not defaulted on any of our repayments or other obligations in any material respect under the trust financing arrangements. We expect that we will continue to satisfy our repayment obligations under our trust financing arrangements. We are obliged to make the full repayment of the trust loans under our trust financing arrangements in order to repurchase the minority equity interest from the relevant trust financing providers and discharge the pledged land use rights and/or equity interests. We will be subject to penalties for any late payment based on the calculation agreed in the relevant agreements.

The following table sets forth details of our outstanding type 1 trust financing arrangements as of the Latest Practicable Date, unless otherwise indicated:

Entities Obtaining Trust Financing	Trust Financing Provider	Effective Date and Term	Principal Amount of Trust Loan	Cost of Financing <sup>(1)</sup>	Collateral Pledge	Outstanding Balance as at August 31, 2013
Taicang Jingshang	SDIC Trust Co., Ltd. <sup>(2)</sup>	July 2012 – July 2014	RMB260.0 million	17.5% <sup>(3)</sup>	– <sup>(4)</sup>	RMB249.6 million
Taicang Jingrui	Hangzhou Industrial & Commercial Trust Co., Ltd. <sup>(5)</sup>	September 2011 – September 2013	RMB300.0 million	15.8% <sup>(6)</sup>	100% equity interest in Taicang Jingrui held by Jingrui Properties (Group)	RMB280.0 million
Nantong Jingrui	China Investment Corporation <sup>(7)</sup>	August 2012 – February 2014	RMB220.0 million	14.8%	Pledge of land use rights provided by Huzhou Jingshang	RMB220.0 million
Changzhou Jingshen	Sichuan Trust Co., Ltd. <sup>(8)</sup>	January 2013 – January 2015	RMB240.0 million	15.0%	Pledge of land use rights provided by Shaoxing Jingkang <sup>(9)</sup>	RMB240.0 million
Taizhou Jingrui	Bank of Communications International Trust Co., Ltd. <sup>(10)</sup>	July 2013 – August 2014	RMB90.0 million	12.2%	Pledge of land use rights provided by Shaoxing Jingxiang <sup>(9)</sup>	RMB90.0 million
Jingrui Properties (Group)	China Jiantou Trust Co., Ltd. <sup>(11)</sup>	October 2013 – September 2015 <sup>(12)</sup>	RMB250.0 million – RMB290.0 million <sup>(13)</sup>	10.50% <sup>(14)</sup>	Pledge of certain property rights held by Shanghai Fengxiang <sup>(15)</sup>	– <sup>(12)</sup>

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*Notes:*

- (1) The cost of financing of the trust financing arrangements includes the interest costs and administrative fee, such as arrangement or consultancy fees and trustee fees, unless otherwise indicated.
- (2) SDIC Trust Co., Ltd. is a trust financing company located in Beijing, primarily providing services including trust financing, wealth management and fixed asset investments. SDIC Trust Co., Ltd. is an independent third party from us.
- (3) Includes the guarantee fees charged by China National Investment & Guaranty Co., Ltd., see footnote (4) below. In addition, we paid a one-time agency fee of RMB2.6 million to an independent third-party agency who assisted us in contracting with SDIC Trust Co., Ltd.
- (4) The trust loan is guaranteed by China National Investment & Guaranty Co., Ltd., which is a professional financial service company providing guarantee and related services. China National Investment & Guaranty Co., Ltd. is an affiliate company of SDIC Trust Co., Ltd. The guarantee provided by China National Investment & Guaranty Co., Ltd. is counter guaranteed by (i) personal guarantees provided by two of our Controlling Shareholders, Mr. Yan and Mr. Chen, which are expected to be released in September 2013, (ii) certain land use rights provided by Shaoxing Jingxiang and Shaoxing Jingrui (iii) 99% equity interest in Shaoxing Jingrui collectively held by Jingrui Properties (Group) and Shanghai Jingrui Investment, and (iv) guarantees provided by Jingrui Properties (Group) and Shaoxing Jingrui.
- (5) Hangzhou Industrial & Commercial Trust Co., Ltd. is a trust financing company located in Hangzhou, primarily engaging in various trust financing services and related financial consulting services. Hangzhou Industrial & Commercial Trust Co., Ltd. is an independent third party from us.
- (6) Includes an aggregate of RMB2.9 million we paid to three financial companies which acted as sub-distributors for Hangzhou Industrial & Commercial Trust Co., Ltd.
- (7) China Investment Corporation is an investment company with headquarters located in Beijing, primarily engaging in capital investment and management. China Investment Corporation is an independent third party from us.
- (8) Sichuan Trust Co., Ltd. is a trust financing company located in Sichuan, primarily engaging in wealth management and trust financing services. Sichuan Trust Co., Ltd. is an independent third party from us.
- (9) The trust loan is also guaranteed by Jingrui Properties (Group).
- (10) Bank of Communications International Trust Co., Ltd. primarily engages in non-banking financial services and is based in Shanghai China. It is a subsidiary of Bank of Communications Co., Ltd.
- (11) China Jiantou Trust Co., Ltd. is a wholly owned subsidiary of China Jianyin Investment Securities Company Ltd., primarily engaging in trust financing services and related consulting services. China Jiantou Trust Co., Ltd. is an independent third party from us.
- (12) We entered the relevant agreements in connection with this trust loan in October 2013 and we had not drawn down any amount of the loan as of the Latest Practicable Date. We expect to draw down the first installment of the trust loan in late October 2013.
- (13) Subject to the actual drawdown of the trust loan. We had not drawn down any amount of the loan as of the Latest Practicable Date. According to the trust loan agreement, the aggregate amount of the loan that we are able to draw down is no less than RMB250.0 million but no more than RMB290.0 million, to be determined based on the mutual agreement between China Jiantou Trust Co., Ltd. and us.
- (14) We expect to enter into a consultancy agreement for this trust loan with the consultancy fees in the amount of RMB4.4 million.
- (15) The trust loan is also guaranteed by Shanghai Fengxiang.

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The following table sets forth details of our outstanding type 2 trust financing arrangements as of the Latest Practicable Date, unless otherwise indicated:

Entities Obtaining Trust Financing	Trust Financing Provider	Effective Date and Term	Registered Capital of Project Company	Principal Amount of Trust Loan	Cost of Financing <sup>(1)</sup>	Equity Interest Transferred as Collateral	Trust Financing Provider's Board Composition	Collateral Pledge	Repurchase	Outstanding Balance as at August 31, 2013
Shanghai Jingshang	Lujiazui International Trust Corporation Limited <sup>(2)</sup>	First drawdown: July 2012 – July 2013 Second drawdown: September 2012 – September 2013	RMB20.0 million	RMB150.0 million	18.0%	49%	1 out of 3 (with veto right)	Pledges of certain property rights held by Shanghai Jingxiu, Zhoushan Jingrui and Changzhou Jingshen, respectively and 51% equity interests in Shanghai Jingshang held by Jingrui Properties (Group) <sup>(3)</sup>	Upon the expiry of the trust financing arrangement, Jingrui Properties (Group) will repurchase the 49% equity interest in Shanghai Jingshang from the trust financing provider at a fixed amount of RMB9.8 million <sup>(4)</sup>	RMB55.0 million
Chongqing Jingshang	Hangzhou Industrial & Commercial Trust Co., Ltd. <sup>(5)</sup>	January 2013 – July 2015	RMB100.0 million	RMB175.0 million <sup>(6)</sup>	A fixed rate of return and a floating return which is based on the performance of the borrowing entity <sup>(7)(8)(9)</sup>	49% <sup>(13)</sup>	2 out of 5	51% equity interest in Chongqing Jingshang collectively held by Shanghai Jingrui and Shanghai Youmao <sup>(14)</sup>	Shanghai Jingrui or the entity designated by it will repurchase the 49% equity interest in Chongqing Jingshang <sup>(10)</sup>	RMB169.4 million
Hangzhou Jingyue	Hangzhou Industrial & Commercial Trust Co., Ltd. <sup>(5)</sup>	April 2013 – October 2015	RMB100.0 million	RMB280.0 million <sup>(6)</sup>	A fixed rate of return and a floating return which is based on the performance of the borrowing entity <sup>(9)(11)(12)</sup>	49% <sup>(13)</sup>	2 out of 5	51% equity interest in Hangzhou Jingyue held by Jingrui Properties (Group) <sup>(3)(14)</sup>	Shanghai Jingrui or the entity designated by it will repurchase the 49% equity interest in Hangzhou Jingyue <sup>(13)(15)</sup>	RMB272.2 million
Shaoxing Jinghu	Hangzhou Industrial & Commercial Trust Co., Ltd. <sup>(5)</sup>	April 2013 – October 2015	RMB100.0 million	RMB315.0 million <sup>(6)</sup>	A fixed rate of return and a floating return which is based on the performance of the borrowing entity <sup>(9)(11)(16)</sup>	49% <sup>(17)</sup>	2 out of 5	51% equity interest in Shaoxing Jinghu held by Shanghai Jingrui <sup>(3)(14)</sup>	Shanghai Jingrui or the entity designated by it will repurchase the 49% equity interest in Shaoxing Jinghu <sup>(17)(18)</sup>	RMB308.3 million
Yangzhou Jingrui	Hangzhou Industrial & Commercial Trust Co., Ltd. <sup>(5)</sup>	April 2013 – October 2015	RMB100.0 million	RMB350.0 million <sup>(6)</sup>	A fixed rate of return and a floating return which is based on the performance of the borrowing entity <sup>(9)(11)(19)</sup>	49% <sup>(20)</sup>	2 out of 5	51% equity interest in Yangzhou Jingrui held by Shanghai Jingrui <sup>(3)(14)</sup>	Shanghai Jingrui or the entity designated by it will repurchase the 49% equity interest in Yangzhou Jingrui <sup>(20)(21)</sup>	RMB345.3 million

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Entities Obtaining Trust Financing	Trust Financing Provider	Effective Date and Term	Registered Capital of Project Company	Principal Amount of Trust Loan	Cost of Financing <sup>(1)</sup>	Equity Interest Transferred as Collateral	Trust Financing Provider's Board Composition	Collateral Pledge	Repurchase	Outstanding Balance as at August 31, 2013
Nantong Jingshang	Hangzhou Industrial & Commercial Trust Co., Ltd. <sup>(5)</sup>	July 2013 – January 2016	RMB100.0 million	RMB280.0 million <sup>(6)</sup>	A fixed rate of return and a floating return which is based on the performance of the borrowing entity <sup>(9)(11)(22)</sup>	49% <sup>(23)</sup>	2 out of 5	51% equity interest in Nantong Jingshang held by Shanghai Ruijun <sup>(3)(14)</sup>	Shanghai Jingrui or the entity designated by it will repurchase the 49% equity interest in Nantong Jingshang <sup>(23)(24)</sup>	RMB274.5 million
Zhuji Jingrui	Shanghai International Trust and Investment Co., Ltd. <sup>(25)</sup>	August 2013 – August 2015	RMB100.0 million	RMB220.0 million <sup>(26)</sup>	A fixed rate of return and a floating return which is based on the performance of the borrowing entity <sup>(27)</sup>	40%	2 out of 5	60% equity interest in Zhuji Jingrui collectively held by Shanghai Ruicui and Shanghai Ruichen <sup>(3)</sup>	Jingrui Properties (Group) will repurchase the 40% equity interest in Zhuji Jingrui <sup>(28)</sup>	RMB216.2 million

*Notes:*

- (1) The cost of financing of the trust financing arrangements includes the interest costs and administrative fee, such as arrangement or consultancy fees and trustee fees.
- (2) Lujiazui International Trust Corporation Limited is a trust financing company with its headquarters located in Shanghai, primarily providing trust financing services and asset and wealth management. Lujiazui International Trust Corporation Limited is an independent third party from us.
- (3) The trust loan is also guaranteed by Jingrui Properties (Group).
- (4) The trust loan is provided in two installments with a one-year term for each. We are required to pay an initial interest in the amount equal to 2.79% on the amount of RMB85.2 million within five days after the drawdown of the first installment and repay the remaining principal and any remaining interest upon the expiry of such installment of the trust loan. We are required to pay an initial interest in the amount equal to 2.50% on the amount of RMB55.0 million within five days after the drawdown of the second installment and repay the remaining principal and any remaining interest upon the expiry of such installment of the trust loan.
- (5) Hangzhou Industrial & Commercial Trust Co., Ltd. is a trust financing company located in Hangzhou, primarily engaging in various trust financing services and related financial consulting services. Hangzhou Industrial & Commercial Trust Co., Ltd. is an independent third party from us.
- (6) Included RMB49.0 million transferred to the borrowing entity related to the equity interest transferred to the trust financing company as collateral to the borrowing.
- (7) We are in negotiations with the relevant trust financing company to enter into the agreement in connection with the administration and trustee fees for this trust loan and we expect such fee rate to be at approximately 1.00% based on current negotiations. We expect to finalize and execute such agreement prior to the Global Offering.
- (8) The fixed rate of return represents the annual interest at the rate of 10.0% on the amount of RMB49.0 million plus the annual interest at the rate of 11.5% on the amount of RMB126.0 million.
- (9) The floating return shall be equal to, upon the expiry of the trust loan:
  - (i) if the Estimated TF Return is equal to or less than 0, then no floating return is payable;
  - (ii) if the Estimated TF Return is greater than 0 and less than or equal to the First Tier TF Return, then the Estimated TF Return;
  - (iii) if the Estimated TF Return is greater than the First Tier TF Return but less than or equal to the Two Tier TF Return, then the sum of (A) the First Tier TF Return and (B) two thirds of the result of subtracting the First Tier TF Return from the Estimated TF Return; or

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- (iv) if the Estimated TF Return is greater than Two Tier TF Return, then the sum of (A) the Second Tier TF Return and (B) 0.5 times the result of subtracting the Two Tier TF Return from the Estimated TF Return.

“Estimated TF Return” in this footnote means the result of (x) the estimated fair value of the equity interest pledged to the trust financing company as determined by a third party valuer mutually selected by us and the trust financing company minus (y) certain specified amount as set forth in the relevant trust financing agreements.

“First Tier TF Return” in this footnote means the amount in which the Estimated TF Return has resulted in an internal rate of return to the trust financing company that is equal to 15%.

“Second Tier TF Return” in this footnote means the amount in which the Estimated TF Return has resulted in an internal rate of return to the trust financing company that is equal to 18%.

“Two Tier TF Return” in this footnote means (x) 1.5 times the Second Tier TF Return minus (y) 0.5 times the First Tier TF Return.

- (10) Interest is payable every six months. We are required to repay RMB50.0 million, RMB53.0 million and RMB23.0 million, respectively, of the principal amount of the trust loan within 12 months, 18 months and 30 months after the trust loan effective date. However, the RMB50.0 million in principal amount to be paid within 12 months after the trust loan effective date can be extended to 18 months after the trust loan effective date upon the approval of Hangzhou Industrial & Commercial Trust Co., Ltd. We are required to repay the remaining principal and any remaining interest upon the expiry of the trust loan.
- (11) We are in negotiations with the relevant trust financing company to enter into the agreement in connection with the administration and trustee fees for this trust loan and we expect such fee rate to be at approximately 0.5% based on current negotiations. We expect to finalize and execute such agreement prior to the Global Offering.
- (12) The fixed rate of return represents the annual interest at the rate of 10.0% on the amount of RMB49.0 million plus the annual interest at the rate of 12.0% on the amount of RMB231.0 million.
- (13) Through holding 100% equity interest in Shanghai Jingbo.
- (14) We will provide additional pledge of land use rights for this trust loan.
- (15) Interest is payable every six months. We are required to repay RMB165.0 million and RMB66.0 million, respectively, of the principal amount of the trust loan within 18 and 30 months after the trust loan effective date. We are required to repay the remaining principal and any remaining interest upon the expiry of the trust loan.
- (16) The fixed rate of return represents the annual interest at the rate of 10.0% on the amount of RMB49.0 million plus the annual interest at the rate of 12.0% on the amount of RMB266.0 million.
- (17) Through holding 100% equity interest in Shanghai Jingyi.
- (18) Interest is payable every six months. We are required to repay RMB185.0 million and RMB81.0 million, respectively, of the principal amount of the trust loan within 18 and 30 months after the trust loan effective date. We are required to repay the remaining principal and any remaining interest upon the expiry of the trust loan.
- (19) The fixed rate of return represents the annual interest at the rate of 10.0% on the amount of RMB49.0 million plus the annual interest at the rate of 12.0% on the amount of RMB301.0 million.
- (20) Through holding 100% equity interest in Shanghai Jingji.
- (21) Interest is payable every six months. We are required to repay RMB206.0 million and RMB95.0 million, respectively, of the principal amount of the trust loan within 18 and 30 months after the trust loan effective date. We are required to repay the remaining principal and any remaining interest upon the expiry of the trust loan.
- (22) The fixed rate of return represents the annual interest at the rate of 10.0% on the amount of RMB49.0 million plus the annual interest at the rate of 12.0% on the amount of RMB231.0 million.
- (23) Through holding 100% equity interest in Shanghai Ruicen.
- (24) Interest is payable every six months. We are required to repay RMB165.0 million and RMB66.0 million, respectively, of the principal amount of the trust loan within 18 and 30 months after the trust loan effective date. We are required to repay the remaining principal and any remaining interest upon the expiry of the trust loan.
- (25) Shanghai International Trust and Investment Co., Ltd. is a trust financing company located in Shanghai, primarily engaging in various trust financing and related financial consulting services. It is a member of Shanghai International Group Co., Ltd. Shanghai International Trust and Investment Co., Ltd. is an independent third party from us.



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- (26) Included RMB40.0 million transferred to the borrowing entity related to the equity interest transferred to the trust financing company as collateral to the borrowing.
- (27) The fixed rate of return represents:
- (i) (x) RMB4.0 million upon the first anniversary of the effective date of the trust loan; (y) RMB4.0 million/12 x (months of the existence of the trust loan) minus (x) within the second anniversary of the effective date of the trust loan; and (z) RMB4.0 million/ 365 x (days of the existence of the trust loan) minus (x) and (y), and

(ii) the annual interest at the rate of 12.0% on the amount of RMB180.0 million.

The floating return shall be equal to, upon the expiry of the trust loan, 40% of distributable profit of the borrowing entity, subject to the valuation, less the total amount of fixed return received by the trust financing company.

- (28) We are required to repay RMB120.0 million and RMB60.0 million, respectively, of the principal amount of the trust loan within 18 and 24 months after the trust loan effective date. Jingrui Properties (Group) is entitled to repurchase the 40% equity interest in Zhuji Jingrui from Shanghai International Trust and Investment Co., Ltd. when (i) the sold/pre-sold GFA of the properties developed by Zhuji Jingrui (excluding car parks and retail areas) exceeds 60% of total saleable residential GFA, or (ii) the effective term the trust loan exceeds 18 months but is less than 24 months.

Except for the payments disclosed above, we are not required to make additional payment for the repurchase from the relevant trust financing providers of the equity interest transferred as collateral for these trust loans.

During the Track Record Period and up to the Latest Practicable Date, we had repaid and discharged two type 1 trust financing arrangements and three type 2 trust financing arrangements. The costs of financing of such arrangements charged to us were generally similar to those rates of currently outstanding arrangements, with the cost of financing ranging from 14.50% to 17.86%.

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Trust financing is an authorized form of financing transactions under the PRC laws. As with many other property developers in the PRC, our Group enters into trust financing arrangements in the ordinary course of business to finance our property development, property management and other related operations. Our Directors have confirmed that (1) our Group has complied with all procedures and provided all information and documents to the extent requested by the relevant trust financing providers in respect of the trust financing arrangements entered into by our Group during the Track Record Period, and (2) our Group has not breached any of the terms of the trust financing agreements entered into by our Group during the Track Record Period. Our PRC legal adviser Commerce & Finance Law Offices is of the opinion that the entry into trust financing agreements detailed in this prospectus by our Group does not contravene any applicable PRC laws and regulations, and the relevant agreements entered into by the Group under the trust financing arrangement are legally enforceable and binding on the respective counter-parties.

### AWARDS AND RECOGNITIONS

Set below is a summary of the key awards and certificates of our Group or our property developments.

Recipient/Project	Award/Recognition	Awarding Authority	Date
<i>Awards to Us</i>			
Jingrui Properties (Group) Co., Ltd.....	A Top 50 Real Estate Company in terms of Brand Value in China in 2013	China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心)	2013
Jingrui Properties (Group) Co., Ltd. ....	China Real Estate Style Awards – Best Investment Value Award for Real Estate Companies in 2013	Boas Real Estate Forum Committee (博鰲房地產論壇組委會)	2013
Jingrui Properties (Group) Co., Ltd.....	No. 53, No. 55 and No. 47 of Top 500 Real Estate Companies in China in 2011, 2012 and 2013	China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心)	2011, 2012 and 2013
Jingrui Properties (Group) Co., Ltd.....	No. 49, No. 53 and No. 48 of Top 100 Real Estate Companies in China in 2011, 2012 and 2013	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院)	2011, 2012 and 2013
Jingrui Properties (Group) Co., Ltd.....	A Top 10 of Top 500 Real Estate Companies in China in Terms of Operating Efficiency in 2011, 2012 and 2013	China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心)	2011, 2012 and 2013
Jingrui Properties (Group) Co., Ltd.....	A Top 10 of Top 100 Real Estate Companies in China in Terms of Operating Efficiency in 2012 and 2013	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院)	2012 and 2013

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Recipient/Project	Award/Recognition	Awarding Authority	Date
Jingrui Properties (Group) Co., Ltd.....	A Top 10 of Top 100 Real Estate Companies in Terms of Growth in China in 2011	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院)	2011
Jingrui Properties (Group) Co., Ltd.....	A Top 10 Real Estate Company in Terms of Brand Value in Eastern China in 2011	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院)	2011
Jingrui Properties (Group) Co., Ltd.....	A Top 10 Real Estate Company in Terms of Brand Value in Eastern China in 2010	Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院)	2010
Jingrui Properties (Group) Co., Ltd.....	Most Innovative Company in Terms of Strategic Operation	The Economic Observer (經濟觀察報)	2010
Jingrui Properties (Group) Co., Ltd.....	A Famous China Real Estate Company Brand in 2010	China International Real Estate & Architectural Technology Fair (中國住交會)	2010
<b>Awards to Our Projects</b>			
Changzhou Jingrui Dignity Mansion .....	High Quality Property in Changzhou in 2012	www.tencent.com	2013
Shaoxing Jingrui Dignity Mansion .....	Best Innovative Marketing Prize in 2012	www.focus.cn operated by Sohu	2012
Tianjin Jingrui Sunny City .	Most Trusted Property	www.house.sina.com.cn operated by Sina	2011
Nantong Jingrui Dignity Mansion .....	World-class Quality Property in China in 2011	Committee of the 11th China Real Estate Industry Development Annual Conference	2011
Shanghai Jingrui Softshore City .....	Most Popular Property in Shanghai	www.house.sina.com.cn operated by Sina	2011
Taizhou Jingrui Royal Bay .	Most Attractive Property in Taizhou in 2010	Taizhou Real Estate Association, Taizhou Media Group Co., Ltd.	2010
Suzhou Jingrui Royal Bay ..	Low Carbon Demonstration Property in China in 2010	www.sofun.com operated by Sohu	2010
Huzhou Jingrui Cin Cinnatti .....	Comfort Living Demonstration Property in 2010	Huzhou Daily (湖州日報)	2010
Tianjin Jingrui England County .....	Golden Prize of China Garden Houses in 2010	www.sofun.com operated by Sohu	2010
<b>Awards to Our Property Management Business</b>			
Shanghai Jingrui Property Management Co., Ltd.....	a standing member of the Trade Association of Shanghai Property Management	Trade Association of Shanghai Property Management	since 2013 (a member since 2007)
Shanghai Jingrui Property Management Co., Ltd.....	a standing member of China Property Management Institute	China Property Management Institute	2010 to 2014

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Recipient/Project	Award/Recognition	Awarding Authority	Date
Shanghai Jingrui Life Square .....	Property with Excellent Property Management Services in Shanghai	Trade Association of Shanghai Property Management	2012
Taizhou Jingrui Royal Bay .	Excellent Residential Community	Bureau of Land Resources and Housing Management of Taizhou	2012
Changzhou Jingrui Dawn City .....	Excellent Residential Community	Bureau of Land Resources and Housing Management of Changzhou	2012
Tianjin Jingrui Sunny City .	Excellent Residential Community	Bureau of Land Resources and Housing Management of Tianjin	2012
Shanghai Jingrui Property Management Co., Ltd.....	Outstanding Contribution Enterprise in Shanghai	Trade Association of Shanghai Property Management	2012
Mr. Tao Min (general manager of Shanghai Jingrui Property Management Co., Ltd.) ..	Leading Manager of Property Management Enterprises	Trade Association of Shanghai Property Management	2012
Shanghai Jingrui Property Management Co., Ltd.....	Outstanding Contribution Prize	China Property Management Institute	2011

## COMPETITION

The property market in China is highly fragmented and competitive. Our existing and potential competitors include major domestic developers and, to a lesser extent, foreign developers primarily from Asia, including leading developers from Hong Kong, who have business operations in Shanghai and other major cities in the Yangtze River Delta region. We compete with them in relation to a number of factors, including land acquisition, brand recognition, financial resources, prices, product quality, service quality and other factors. Some of these competitors may have better track records, greater financial, human and other resources, larger sales networks and stronger brand recognition.

In particular, the residential property market in the Yangtze River Delta region have been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in Shanghai and other major cities in the Yangtze River Delta region. The rapid development of these major cities in recent years has led to a diminishing supply of undeveloped land in desirable locations in the Yangtze River Delta region. Moreover, the PRC government has implemented policies tightly controlling the amount of new land available for development. These factors have increased competition and land grant premiums in relation to land made available for development.

We believe that the major competitive factors in the residential property development industry include the geographic location, management expertise, financing, access to transportation infrastructure, size of land reserves and land bank, product quality, brand recognition by customers, customer services and support, pricing and design quality. There's no assurance that we will be able to continue competing effectively in our industry. See "Risk Factors — Risks Relating to Our Industry — The PRC property market industry is highly competitive."

We believe that, with our rapid-asset-turnover model, systematic management approach, standardized product portfolio and strategic focus on customers who are either first time home purchasers or those purchasing to upgrade their existing living condition, we have demonstrated resiliency to market changes and competition. Further, given our premium brand and strong execution capabilities, we believe we can react promptly to the challenges in the PRC property market.

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### RISK MANAGEMENT

We recognize that risk management is critical to the success of any property developer in the PRC. Key operational risks that we face include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for developments at commercially acceptable prices, local economic environment, expansion risks relating to entering into new cities or geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other property developers and our ability to promote and sell our properties in a timely fashion. See “Risk Factors” for a discussion of various risks and uncertainties we face.

In addition, we also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See “Financial Information — Qualitative and Quantitative Disclosure about Market Risks” for a discussion of these market risks.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- Our Board of Directors is responsible and has general powers over the management and conduct of the business of our Company, and is in charge of the overall risk control of our Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body.
- Our management team at headquarters level is in charge of the daily business operations and risk monitoring of our Group, and is responsible for the supervision of the respective fields of operations on a daily basis as well as the supervision and approval of any material business decisions of our project companies. We adopt a centralized approach to review and approve the business plan and structure. We have also developed a standardized property development process, which comprises over 200 standardized procedures divided into 17 business functions, that govern each step of our property development activities. See “— Property Development Management.” Our financial and accounting matters are directly controlled and reviewed at our headquarters level to ensure the consistency and accuracy. We have also established a contract management department that centralizes major procurement and construction contracts entered into to monitor the risks associated with such contracts, and also an audit and legal department to ensure regulatory and contractual compliance.
- Our final site selection decisions are made by our investment committee. This committee was specifically formed to review and approve such business development and consists of six members including executive vice president, directors of finance, strategy, marketing and investment and the regional project company director for the relevant potential project.
- For particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risk by engaging qualified construction contractors with strict contractual requirements while maintaining daily quality control supervision.
- We enforce strict control and accountability policies and manuals at an individual employee level and conduct on-going training. Our policies and manuals are updated consistently based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.

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### INTELLECTUAL PROPERTY

We place significant emphasis on developing our brand image and resort to extensive trademark registrations to protect all respects of our brand image. We conduct our business under  景瑞地产 and  trademarks for which we have registered in the PRC. We intend to apply for registration of our  景瑞地产 trademark in Hong Kong. We have also registered the domain name of www.jingrui.com for the website of our Group on the Internet. Further details of our intellectual property rights are set out in the section “Statutory and General Information — Further Information About Our Business — Intellectual Property” in Appendix VI to this prospectus.

As at the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

### INSURANCE

We maintain assets insurance policies for our properties and assets and carry employer’s liability insurance for medical and related expenses that our employees may incur as a result of personal injuries at their workplaces or on the construction sites of our property developments. We also maintain insurance policies including property all-risk insurance and public liability insurance, with respect to our investment properties, including insurance coverage for damages arising from or in connection with the occurrence of an earthquake.

According to applicable PRC laws and regulations, property developers are not required to maintain insurance coverage in respect of their property development operations. As such, we do not maintain and do not require our construction contractors to maintain insurance coverage on our properties developed for sale other than with respect to those developments over which our lending banks have security interests, or for which we are required to maintain insurance coverage under the relevant loan agreements.

Under PRC laws, construction companies as employers are required to purchase insurance for their construction workers. As we engage third-party contractors to carry out construction for our projects, we currently do not maintain such insurance ourselves.

We do not maintain insurance policies for properties that have been delivered to our customers. Instead, Shanghai Jingrui Property Management which provides property management services for all of our projects, maintains all property risk insurance and public liability insurance for common areas and amenities of these properties.

Our Directors are of the view that the insurance coverage of our Group is adequate and is in line with customary industry practices of property developers and is adequate. However, there are risks for which we do not have sufficient or any insurance coverage for losses, damages and liabilities that may arise in our business operations.

### ENVIRONMENTAL MATTERS

Property developers in China are subject to a number of environmental laws and regulations including the Environment Protection Law of the PRC, the Prevention and Control of Noise Pollution Law of the PRC, the Environmental Impact Assessment Law, and Administrative Regulations on Environmental Protection in relation to Construction Projects.

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Our Directors expect that we will continue to incur compliance costs with applicable environmental rules and regulations at a similar rate. During the Track Record Period, no fines or penalties for non-compliance of PRC environmental laws and regulations were imposed on us. As at the Latest Practicable Date, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our properties.

### LABOR AND SAFETY

As at August 31, 2013, we had 1,750 employees. The following table sets forth the number of our employees as categorized by function as at August 31, 2013:

	<u>Total</u>
Management.....	20
Operational management.....	9
Investment .....	9
Design and research.....	47
Contract management.....	49
Construction management.....	99
Finance and accounting .....	59
Administration and human resources .....	72
Marketing and customer services.....	303
Risk management.....	8
Property management.....	<u>1,075</u>
<b>Total</b> .....	<u><u>1,750</u></u>

We actively recruit skilled and qualified personnel in local markets through various channels, such as on-campus recruitment programs, recruiting firms, internal referrals and advertisement on the Internet. We particularly value employees who demonstrate loyalty to their work and who values our corporate culture, as well as those with relevant working experience.

The remuneration package of our employees includes salary and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis of our determinations on salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in real estate industry published by renowned consulting firms. In addition, we provide discounts to our employees who purchase the properties developed by us, with such discount ranging from 1.5% to 10.0% of the total price, based on their terms of employment with us. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business.

We believe we have maintained good relationships with our employees. Although we have from time to time, are currently involved in and may in the future be involved in certain labor disputes, we have not experienced significant labor disputes which have adversely affected or are likely to have an adverse effect on our business operations.

We have established systematic training programs for our employees based on their positions and expertise. For examples, training programs for members of our management teams focus on improving their management and leadership skills. We also provide trainings designed to improve sales capabilities for our marketing and sales personnel. In addition to the internal trainings, we also engage external experts or sponsor continuing educations for our employees from time to time.

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Property developers in China are subject to various PRC laws and regulations with respect to labor, health, safety, insurance, and accidents, including the Labor Law of the PRC, the Labor Contract Law of the PRC, the Interim Regulations on Collection and Payment of Social Insurance Premiums, the Regulations on Work-related Injury Insurances, the Regulations on Unemployment Insurance, the Trial Procedures for Childbirth Insurance for Enterprise Employees, Safety Production Law of the PRC and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time, for our operations in the PRC.

Our human resources department is responsible for dealing with employees' safety and security matters. During the Track Record Period, no fines or penalties for non-compliance of PRC labor and safety laws and regulations were imposed on us.

### **PROPERTIES FOR OUR OWN USE**

As at August 31, 2013, we leased office space with a total GFA of approximately 2,015 sq.m. in Shanghai as office facilities for our headquarters. We also lease office spaces with an aggregate GFA of approximately 3,063 sq.m. at the project company level.

### **LEGAL PROCEEDINGS**

As a property developer in the PRC, we are subject to the risk of legal or arbitration proceedings, disputes or claims in the ordinary course of business. During the Track Record Period, we were involved in litigation proceedings concerning the quality of our products and services or contractual arrangements with our contractors.

#### **Contractual Arrangements with Contractors**

In September 2010, we, through our subsidiary, Taicang Jingrui, entered into a general contractor agreement with Longyuan Construction Group Co., Ltd. (龍元建設集團股份有限公司), or Longyuan Construction. The agreed contract price relating to the contractor work in dispute was approximately RMB170.0 million. Subsequently, Longyuan Construction refused to abide by the initial terms with respect to construction payments as agreed to under the general contractor agreement. In January 2012, we and Longyuan Construction entered into an administrative mediation agreement, pursuant to which we paid RMB15.0 million of the then outstanding construction consideration to Longyuan Construction and both parties agreed to engage a third party professional construction cost consulting firm to review the contract price. In August 2012, Longyuan Construction brought a lawsuit against Taicang Jingrui with Suzhou Intermediate People's Court of Jiangsu Province, claiming an amount of approximately RMB97.1 million (being the total outstanding construction consideration and material costs but excluding an aggregate of RMB92.6 million in construction consideration that Taicang Jingrui had previously paid to Longyuan Construction prior to the lawsuit) and other penalty and legal fees in an aggregate amount of approximately RMB4.8 million. Meanwhile, certain residential units under development in Suzhou Jingrui Royal Bay were held in the custody of Suzhou Intermediate People's Court upon Longyuan Construction's request. In September 2012, Taicang Jingrui filed a counterclaim against Longyuan Construction for penalties arising under the contractor agreement. Based on the review and evaluation of third party entities appointed by Suzhou Intermediate People's Court, the evaluated construction consideration was estimated to be approximately RMB136.5 million, but such consideration may not be the final amount. As at December 31, 2012, RMB136.5 million was accrued for the construction costs and reflected in our consolidated financial statements, of which a total of RMB92.6 million had since been paid. In April 2013, we paid an additional RMB10.0 million, after which the custody of the residential units was released back to us. Furthermore, Longyuan Construction undertook to us in writing that it would not request custody for any of our



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properties. We engaged another general contractor shortly after terminating the agreement with Longyuan Construction and we did not experience any delay in delivering these properties to our customers. In July 2013, pursuant to the mediation letter issued by Suzhou Intermediate People's Court, we and Longyuan Construction mutually agreed, among other things, that the total construction consideration is determined to be RMB138.0 million and the outstanding amounts payable by us to Longyuan Construction are to be comprised of (i) outstanding construction consideration of RMB28.5 million, payable in three installments with RMB10.0 million payable before July 31, 2013, RMB10.0 million before August 31, 2013 and RMB8.5 million before September 30, 2013, and (ii) outstanding warranty deposit of RMB6.8 million, payable in three installments, with RMB2.7 million payable before September 30, 2013, RMB2.7 million before December 31, 2014 and RMB1.4 million before December 31, 2015. As of September 30, 2013, we had paid RMB31.2 million to Longyuan Construction out of the above outstanding construction consideration and warranty deposits, pursuant to the mediation letter. By accepting the mediation letter, we and Longyuan Construction waived the right to appeal.

In September 2009, we, through our subsidiary, Zhoushan Jingrui, entered into a general contractor agreement with Hengzun Group Co., Ltd. (恆尊集團有限公司), or Hengzun Group, in connection with the construction for part of our Zhoushan Jingrui HOPSCA project. The total contract price under the agreement was approximately RMB29.9 million. In July 2012, Hengzun filed a lawsuit against Zhoushan Jingrui with the People's Court of Putuo District, Zhoushan, Zhejiang Province, claiming a total outstanding construction consideration of RMB10.3 million plus related fees. The construction of Zhoushan Jingrui HOPSCA had been substantially completed at that time and we had already paid a total RMB18.5 million to Hengzun Group under the general contractor agreement. In October 2012, Hengzun Group withdrew the lawsuit and both parties agreed to engage a third party professional construction cost consulting firm to review the contract price. Due to the delay in delivering the finalized review report by this consulting firm, in March 2013, Hengzun Group filed another lawsuit against Zhoushan Jingrui, claiming a total outstanding construction consideration of RMB10.3 million plus related fees. The litigation is currently in progress as at the Latest Practicable Date. The final evaluation result of the third party professional construction costs consulting firm is still not yet available as of the Latest Practicable Date. We have not experienced any delay in delivering these properties to our customers. As at December 31, 2012, RMB4.0 million was accrued and reflected in our consolidated financial statements based on our estimation of the construction consideration by referring to the review and evaluation results conducted by another third party according to the original construction agreement, which we believe to be the best estimate of the construction costs.

The construction agreements with Longyuan Construction and Hengzun Group were entered into prior to the full implementation of our standardized project development procedures. The total contract prices of the agreements with these general construction contractors were fixed without the flexibility for adjustment, and was determined by taking into account the then prevailing market prices and limited estimations of fluctuations as to certain costs, primarily related to raw materials or labors. We believe the disputes with these contractors were primarily due to the significant increases in the costs and expenses incurred by them during the relevant construction periods, which led to such contractors becoming unsatisfied as to the original construction agreements and decided not to perform under such agreements. To avoid future disputes, we have since amended our standard terms of agreements with general construction contractors, which provide certain adjustment to the total contract price based on the suggested standard salary for construction workers issued periodically by the relevant local labor authority during the contract term. On the other hand, the general contractor agreements provide the price ranges for key raw material, namely steel and concrete, by referring to the average monthly market prices issued by relevant local authorities during the property construction period. By providing the flexibility to adjust the contract price rather than based the agreement on a pre-determined fixed total price, we believe we are now able to better mitigate the potential risks as to disputes between us and our general construction contractors regarding the contract price, while continuing to be able to manage any potential cost fluctuations.

**Shanghai Garden City**

In 2002, our subsidiary, Shanghai Garden City, obtained land parcels in Shanghai for project development from the local government through public tenders, auctions and listings-for-bidding for land use rights. It also agreed to construct a school on an additional land parcel to be granted by the government after the necessary demolition work needed in relation to such land is completed by the responsible local government authorities. However, since the relevant authorities failed to complete the demolition work on time, we were not granted the additional land parcel and were not able to construct the school. In June 2005, Shanghai Garden City and the Education Bureau of Hongkou District, Shanghai (上海市虹口區教育局), or the Education Bureau, entered into an agreement, under which Shanghai Garden City reaffirmed that it will construct the school, and agreed to pledge its land use rights to a land parcel with a site area of approximately 7,116 sq.m. in favour of and to pay a total amount of RMB30.5 million to the local government as guarantee to perform such obligation. Based on our best knowledge, since the occupier of that land parcel and the relevant land usage were changed at that time, the responsible government authorities were not able to complete the demolition work and as a result, we were not able to construct the school by May 2007 as agreed. The Education Bureau filed a lawsuit in December 2012 with Hongkou District People's Court of Shanghai in which, among other things, it seeks to retain the RMB30.5 million that was previously paid and to obtain the land use rights to the land parcel of Shanghai Garden City with a site area of approximately 7,116 sq.m. as compensation. In July 2013, Hongkou District People's Court of Shanghai delivered a judgment in favor of the Education Bureau, ruling that it is entitled to retain the RMB30.5 million and to obtain the land use rights in dispute. As at December 31, 2012, RMB30.5 million was estimated and accrued for the relevant construction costs and reflected in our combined financial statements. A full provision of RMB23.5 million on the carrying amount of the land use rights to the land parcel with a site area of 7,116 sq.m. was also made in our combined financial statements as at December 31, 2012 based on the judgment of Hongkou District People's Court of Shanghai.

We are of the view that the pledge of the land use rights to the land parcel with a site area of approximately 7,116 sq.m. to the local government which were acquired by Shanghai Garden City at a cost of RMB23.5 million only served as a guarantee for Shanghai Garden City to fulfill its obligation to construct a school and to bear the construction costs on an additional land parcel to be granted at zero consideration by the local government. The failure by the local government to complete the required demolition work and deliver the additional land parcel to us does not give rise to the Education Bureau the rights to require us to surrender our title to the land use rights with a site area of approximately 7,116 sq.m. at zero consideration to them which we had acquired through open market for commercial property development and in fact special approvals are required to change the use of the land. We have filed a petition to appeal the judgment with the Shanghai Second Intermediate People's Court in August 2013. The appeal is currently in progress as at the Latest Practicable Date. In the event that the appeal were not successful, we believe that this would not have a material adverse effect on our business, financial conditions or operating results as the resulting losses are already provided for fully in our financial results.

In addition, in April 2013, we entered into an equity transfer agreement with an independent third party who agreed to acquire the 100% equity interest in Shanghai Garden City from us. Pursuant to a supplementary agreement entered into in June 2013, the consideration for the equity transfer is determined to be RMB70.0 million. RMB10.0 million had been received as deposit as at June 30, 2013. The existence of this ongoing litigation has been disclosed in the equity transfer agreement. We engaged Shanghai Hu Jing Law Firm to represent us in the litigation, whom is of the view that upon the completion of the proposed equity transfer, all of our current rights and obligations pertaining to Shanghai Garden City, including the potential obligations relating to the litigation with the Education Bureau, will be transferred to the independent transferee. As such, we will not be liable for any future potential losses or claims in relation to this litigation upon the completion of the proposed equity transfer. As of the Latest Practicable Date, the transferee had not made additional payments to us for the equity transfer, which was supposed to be completed prior to July 31, 2013 pursuant to the equity transfer agreement. Pursuant to the

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supplementary agreement, if the counterparty does not make the additional payments to us within 30 calendar days after July 31, 2013, we are entitled to unilaterally terminate the equity transfer agreement and the supplementary agreement, forfeit the deposit of RMB10.0 million and claim damages from the counterparty for its failure to make payments to us. We are currently in discussions with the transferee to finalize the payment schedule and complete the transfer.

Our Directors believe that these three legal proceedings will not have a material adverse effect on our business, financial condition and operation results.

Our Directors confirm that save as disclosed in this “Legal Proceedings” section, as at the Latest Practicable Date, there are no other material legal proceedings or claims currently existing, pending or threatened against any member of our Group.

### REGULATORY COMPLIANCE

#### Compliance

During the Track Record Period, we were in compliance, in all material respects, with PRC legal regulations and requirements applicable to us. In addition, as at the Latest Practicable Date, no material penalty for non-compliance with any laws or regulations had been imposed on us.

During the Track Record Period, we have obtained all material permits, licenses, registrations and certifications from appropriate regulatory authorities for our business operations in the PRC. We also confirm that the Group has obtained the requisite land use rights certificates and building ownership certificates for our property development projects as and when appropriate in accordance with the requirements under applicable laws and regulations. As at the Latest Practicable Date, we had established internal procedures to comply with the requirements of the requisite approvals, permits, licenses and certificates by requiring all our operating departments and project companies to strictly adhere to the relevant conditions imposed by government authorities.

Our PRC legal adviser, Commerce & Finance Law Offices, is of the opinion that, during the Track Record Period and up to the Latest Practicable Date, we have obtained all material permits, licenses, registrations and certifications for our business operations in the PRC and have been in compliance in all material respects with the laws, regulations in relation to the main aspects of our business operations.

#### Guidance of Foreign Investment Industries

According to the relevant permits and approvals relating to all the projects held by us up to the Latest Practicable Date, including but not limited to the project approvals, land planning permits, project planning permits and project construction permits, the approved planned uses of our projects are for residential and/or commercial uses. Therefore, our PRC legal adviser, Commerce & Finance Law Offices, is of the opinion that none of the projects held by us falls within the definition of “villas” as stipulated in the Guidance of Foreign Investment Industries (Revised in 2011) (外商投資產業指導目錄(2011年修訂)).

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering (but excluding any Shares which may be allotted and issued or sold pursuant to the exercise of the Over-allotment Option), Mr. Yan and Mr. Chen will be interested in approximately 35.28% and 34.51% respectively of the post offering enlarged issued share capital of our Company and hence will continue to be the Controlling Shareholders.

Our Controlling Shareholders and Directors confirm that they do not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from the Controlling Shareholders and their respective associates after the Global Offering.

#### *Management Independence*

The Board comprises 4 executive Directors and 3 independent non-executive Directors. Mr. Yan and Mr. Chen are also Controlling Shareholders of the Company. Please see the section “Directors and Senior Management” for further details. Each of our Directors is aware of his/her fiduciary duties as a director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest and shall not be counted in the quorum present at the particular Board meeting. Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently.

#### **1. Operational Independence**

Our organizational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal controls to facilitate the effective operation of our business. Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

#### **2. Financial Independence**

Our Group has its own financial management system and the ability to operate independently of the Controlling Shareholders from a financial perspective. Our Directors confirmed that, as at the Latest Practicable Date except for the guarantees or pledges set forth in Note 36 to the Accountant’s Report as Appendix I, (i) none of the Controlling Shareholders or their respective associates had provided any guarantees or pledges to our Group; and (ii) our Group did not provide any guarantees or pledges to our Controlling Shareholders or their respective associates. The Directors further confirmed that such guarantees and pledges will be released prior to the Listing and will be substituted by guarantees provided by members within our Group and pledges over our Group’s properties and assets as appropriate. Based

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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on the above, our Directors believe that we are able to maintain financial independence from the Controlling Shareholders. In addition, all the current related party transactions will be discontinued prior to the Listing, except our advances to Changzhou Jingshang (which are in addition to our capital contributions). These advances were extended pursuant to the commitment made by us in a memorandum in connection with the incorporation of Changzhou Jingshang and were not determined in proportion to our shareholding in Changzhou Jingshang. These advances are intended to finance Changzhou Jingshang's operations, in certain property development which is under construction. As Changzhou Jingshang is our jointly controlled entity (the remaining interest in Changzhou Jingshang is held by an independent third party), we believe that such continuing related party transactions will not affect our financial independence from our Controlling Shareholders.

### 3. Non-competition Undertaking

Each of Mr. Yan, Mr. Chen, BVI-1 and BVI-2 (the “**Covenantors**”) has entered into a Deed of Non-Competition with and in favor of our Company on October 15, 2013, pursuant to which the Covenantors have unconditionally, irrevocably, jointly and severally undertaken with our Group that they shall not (except through the Group), and shall procure that all their respective associates (excluding any member of the Group), shall not directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of our Group (the “**Restricted Business**”).

The Covenantors have also undertaken to us that:

- any business investment or other commercial opportunity relating to any Restricted Business (the “**New Opportunity**”) identified or proposed by or offered or presented to our Controlling Shareholders or any of their associates (“**Offeror**”) be first referred to us, and we shall be given written notice of any New Opportunity containing all information reasonably necessary, including but not limited to the financial and operating information and a description of the business involved, for us to consider whether (a) such New Opportunity would constitute competition with any Restricted Business; and (b) it is in the interest of our Group and our Shareholders as a whole to pursue such New Opportunity (“**Offer Notice**”). Upon receipt of the Offer Notice, we will seek determinations from a committee of our Board consisting exclusively of independent non-executive Directors who do not have a material interest in the matter as to whether to pursue or decline the New Opportunity;
- the Offeror will be entitled to pursue the New Opportunity only if the Offeror has received a notice from us declining the New Opportunity or if the Offeror has not received any written notice from us within 30 days. If there is a material change in the terms and conditions of the New Opportunity pursued by the Offeror, the Offeror will refer the New Opportunity, as so revised, to us in the manner set out above;
- in the event that, during the term of the Deed of Non-Competition, our Controlling Shareholders or any of their associates (except any members of our Group) intend to dispose of any business to be acquired pursuant to any New Opportunity, or any interest therein, the seller shall first offer to us the right to acquire such business or interest and none of the Controlling Shareholders or any of their associates (except any members of our Group) may proceed with such disposal to any third party, unless the terms of disposal are not more favourable than those offered to us, following the written rejection of such offer by us; and

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- our Group will be entitled to an option to acquire any business acquired by the Controlling Shareholders or any of their associates pursuant to any New Opportunity, or any interest therein, on and in accordance with commercial terms which shall have been opined upon by a committee of our Board consisting exclusively of independent non-executive Directors, after taking into account the advice from independent experts as being, *inter alia*, normal commercial terms, in line with the ordinary commercial practice of our Group, fair and reasonable and in the interests of our Group as a whole.

Each of the Controlling Shareholders also jointly and severally undertakes to:

- procure that all relevant corporate and financial information in his possession relating to any Restricted Business be provided to us from time to time;
- to the extent not inconsistent with any confidentiality agreements, allow the authorized persons or internal auditors of our Group to access the material financial or corporate information in relation to any third-party transaction, so as to determine whether the terms of the Deed of Non-Competition were complied with by the Controlling Shareholders and their associates; and
- within 10 days from receipt of our written request, provide us with a written confirmation in respect of its/his compliance with the Deed of Non-Competition, and consent to the inclusion of such confirmation in our annual report.

Such non-competition undertaking does not apply where:

- the Controlling Shareholders and their associates hold, directly or indirectly, equity interests in any company listed on a recognized stock exchange not engaged in any Restricted Business; and
- the Controlling Shareholders and their associates have interests in the shares of a company other than our Group provided that:
  - (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated sales or consolidated assets, whichever is less, as shown in that company's latest audited accounts; and
  - (b) the total number of the shares held by the Controlling Shareholders and their associates in aggregate does not exceed 10% of the issued shares of that class of the company in question and the Controlling Shareholders and their associates are not entitled to appoint a majority of the directors of that company.

Under the Deed of Non-Competition, each of the Covenantors has further acknowledged that:

- (i) our independent non-executive Directors will review on an annual basis the compliance with the non-competition undertaking by the Controlling Shareholders under the Deed of Non-competition;

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## RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

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- (ii) the Covenantors will provide all information requested by us which is necessary for the annual review by our independent non-executive Directors and the enforcement of the terms of the Deed of Non-Competition;
- (iii) we will disclose decisions and related basis on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-Competition, in our annual report, and agrees to such disclosure; and
- (iv) the Covenantors will make an annual statement on compliance with the Deed of Non-Competition in our annual report, which is consistent with the principles of making disclosure in the corporate of governance report of the annual report.

The undertakings given by the Covenantors under the Deed of Non-Competition are effective from the Listing Date and shall terminate on the earlier of (1) the date on which the relevant Covenantor and/or his/its associates ceases be a Controlling Shareholder and (2) the date on which our Shares cease to be listed on the Stock Exchange.

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## CONNECTED TRANSACTIONS

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### EXEMPT CONTINUING CONNECTED TRANSACTIONS

The following transactions between our Group and its connected persons will continue after Listing.

#### Connected Person

Shanghai Jiading Properties (Group) Co., Ltd. (上海嘉定區房地產(集團)有限公司) (“**Shanghai Jiading**”) and Shanghai Oasis Investment Holding Group Limited (上海綠洲投資控股集團有限公司) (“**Shanghai Oasis**”) owns 20% and 10% respectively of Taicang Jingshang, and are therefore connected persons of our Company.

#### Transactions

Between April to August 2013, certain shareholders of Taicang Jingshang granted shareholders’ loans to Taicang Jingshang. Shanghai Jiading and Shanghai Oasis advanced RMB95.0 million and RMB47.5 million respectively to Taicang Jingshang (“**Substantial Shareholders’ Loans**”). The purpose of the shareholders’ loans was to provide Taicang Jingshang with general working capital for its projects.

Our Directors have confirmed that the Substantial Shareholders’ Loans were made for the benefit of Taicang Jingshang on normal terms where no security over our Group’s assets was granted. Our Directors (including our independent non-executive Directors) are of the view that the Substantial Shareholders’ Loans were fair and reasonable and in the interest of our Group and Shareholders as a whole.

#### Listing Rule Requirements

The Substantial Shareholders’ Loans constitute continuing connected transactions for our Company which is exempt from the reporting, announcement and independent shareholders’ approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.



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## DIRECTORS AND SENIOR MANAGEMENT

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### DIRECTORS

The Board currently consists of 7 Directors, comprising 4 executive Directors and 3 independent non-executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed on these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the Articles of Association.

Name	Age	Position and role	Appointment date
YAN Hao (閔浩).....	44	Executive Director, co-chairman and chief executive officer (overall strategic planning and business direction and day to day business and management)	October 6, 2013
CHEN Xin Ge (陳新戈).....	44	Executive Director and co-chairman (overall strategic planning and business direction)	October 6, 2013
YANG Tie Jun (楊鐵軍).....	42	Executive Director and executive vice-president (assisting our co-chairmans and chief executive officer and overseeing key departments)	October 6, 2013
XU Chao Hui (許朝輝).....	45	Executive Director and assistant to the chief executive officer (assisting the chief executive officer in day to day business and management)	October 6, 2013
HAN Jiong (韓炯).....	44	Independent non-executive Director Member of Audit Committee, Remuneration Committee and Nomination Committee, responsible for supervising and providing independent judgment to our Board	October 6, 2013
QIAN Shi Zheng (錢世政).....	61	Independent non-executive Director Member of Audit Committee, responsible for supervising and providing independent judgment to our Board	October 6, 2013
LO Wing Yan William (盧永仁)...	52	Independent non-executive Director Member of Audit Committee, Remuneration Committee and Nomination Committee, responsible for supervising and providing independent judgment to our Board	October 6, 2013

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## DIRECTORS AND SENIOR MANAGEMENT

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### *Executive Directors*

Yan Hao (閔浩) is one of the founders and the co-chairman and chief executive officer of our Group. He was appointed as an executive Director of our Company on October 6, 2013. Mr. Yan is responsible for the overall strategic planning and business direction and the day to day business and management of our Group. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has more than 20 years of experience in the PRC real estate industry. Mr. Yan co-founded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day to day operations, strategic directions and business growth. Over the past three years, Mr. Yan has not been a director of any listed companies.

Chen Xin Ge (陳新戈) is one of the founders and the co-chairman of our Group. He was appointed as an executive Director of our Company on October 6, 2013. Mr. Chen is responsible for determining the overall strategic planning and business direction of our Group together with Mr. Yan. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Programme at Cheong Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has more than 20 years of experience in the PRC real estate industry. Mr. Chen co-founded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of board of directors since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of our Group. Over the past three years, Mr. Chen has not been a director of any listed companies.

Yang Tie Jun (楊鐵軍) is the executive vice-president of our Group. He was appointed as an executive Director of our Company on October 6, 2013. Mr. Yang is responsible for assisting Mr. Yan and Mr. Chen in implementing the overall strategic plans and business directions of our Group, as well as overseeing key departments such as investments and financing, planning and design, project management, contract management and marketing. Mr. Yang graduated from the University of International Business and Economics (對外經濟貿易大學) in June 1994 with a certificate in International Business Management. He also obtained a Master of Business Administration from the China Europe International Business School (中歐國際工商學院) in September 2009, and a Master of Professional Accountancy from The Chinese University of Hong Kong (香港中文大學) in December 2004. From July 1994 to December 1998, Mr. Yang worked as an accountant in Reanda Certified Public Accountants Co., Ltd. (利安達會計師事務所). Mr. Yang then joined China Jin Mao Group Co., Ltd (中國金茂(集團)有限公司) in January 1999, where he was appointed to various roles such as finance manager and deputy general manager. In December 2003, he was made general manager of its group's finance department. After leaving China Jin Mao Group Co., Ltd. in October 2009, Mr. Yang joined Franshion (China) Property Co., Ltd. (方興地產(中國)有限公司) as the deputy chief financial officer. He joined our Group in December 2010 as the chief financial officer of our Group. Over the past three years, Mr. Yang has not been a director of any listed companies.

Xu Chao Hui (許朝輝) is the assistant to the chief executive officer of our Group. He was appointed as an executive Director of our Company on October 6, 2013. Mr. Xu is responsible for assisting our chief executive officer in the day to day business and management of our Group. Mr. Xu graduated from Zhongshan University in July 1991 with a degree in Economics. He also obtained a Master of Business

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## DIRECTORS AND SENIOR MANAGEMENT

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Administration from Peking University in June 2001. After graduation, he joined China National Scientific Instruments & Material Corporation (中國科學器材公司) as deputy manager of the exhibition department, before leaving in August 1999 to join Sinotrust International Information & Consulting (Beijing) Co., Ltd. (北京新華信商業風險管理有限公司). From June 2002 to January 2009, Mr. Xu was the partner of Adfaith Management Consulting Co., Ltd. (北京正略鈞策企業管理諮詢有限公司) (formerly known as Beijing Sinotrust Management Consultant Co., Ltd. (北京新華信管理顧問有限公司)), primarily in charge of the real estate consulting business unit. He joined our Group in February 2009 as the strategic development adviser, primarily responsible for the establishment and adjustment of our business strategies and the relevant execution plans. The strategic development adviser also monitors and ensures the business strategies in line with our centralized operating system and to fit in various operating procedures. Over the past three years, Mr. Xu has not been a director of any listed companies.

### *Independent Non-executive Directors*

Han Jiong (韓炯), was appointed as an independent non-executive Director of our Company on October 6, 2013. Mr. Han has been appointed as a member of our Audit Committee, Remuneration Committee and Nomination Committee and is responsible for supervising and providing independent judgment to our Board, and in particular, as the Chairman of our Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was established in September 1998, and he is currently the managing partner. Mr. Han was a member of the Seventh and Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, was appointed by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) as a member of the First and Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009, and is a council member of the Shanghai Bar Association (上海市律師協會). Mr. Han was appointed as an independent director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600196) and Hong Kong Stock Exchange (stock code: 02196) in April 2009.

Qian Shi Zheng (錢世政), was appointed as an independent non-executive Director of our Company on October 6, 2013. Mr. Qian has been appointed as the Chairman of our Audit Committee and is responsible for reviewing and supervising the financial reporting process and internal control system as well as overseeing the audit process of the Group. Dr. Qian received a bachelor's degree in accounting from Shanghai University of Finance and Economics in 1983, and obtained a doctorate degree in management science and engineering from Fudan University in July 2001. Dr. Qian has been an associate professor at Fudan University specialized in accounting since 1995. Dr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. He was the executive director of Shanghai Industrial Holdings Limited, which is listed on the Hong Kong Stock Exchange (stock code: 0363) from 2002 to 2012. Mr. Qian was the executive director of Shanghai Industrial Urban Development Group Limited, which is listed on the Hong Kong Stock Exchange (stock code: 0563) from 2010 to 2012. He was also the deputy chairman of the board of directors of Haitong Securities Company Limited, which is listed on the Shanghai Stock Exchange (stock code: 600837) from 2007 to 2013. He has over 18 years of teaching and work experience in the finance and accounting fields.

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## DIRECTORS AND SENIOR MANAGEMENT

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Dr. Qian is currently holding directorships in the following companies listed on the securities market in Hong Kong or overseas:

Name of listed company	Securities exchange and stock code	Position held
Lonking Holdings Limited	Hong Kong Stock Exchange: 3339	Independent non-executive director
Zoomlion Heavy Industrial Science and Technology Co., Ltd.	Hong Kong Stock Exchange: 1157 Shenzhen Stock Exchange: 000157	Independent non-executive director
Shanghai Yaohua Pilkington Glass Group Co., Ltd.	Shanghai Stock Exchange: 600819	Independent director

Lo Wing Yan William (盧永仁), JP, was appointed as an independent non-executive Director of our Company on October 6, 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee and Nomination Committee and is responsible for supervising and providing independent judgment to our Board and performing other duties and responsibilities as assigned by our Board. Dr. Lo holds a Master's degree and a Doctorate from the University of Cambridge in England in March 1986 and March 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of Peace (JP) by the government of Hong Kong. In 2003, he was appointed as a Member of Shantou Committee of the Chinese People's Political Consultative Conference. From June 2002 to March 2006, Dr. Lo served as the executive director and vice president of China Unicom Limited. He was an independent non-executive director of I.T Limited from October 2004 to May 2006, and from May 2006 to May 2009, he served as its executive director, vice chairman, managing director and chief financial officer. Dr. Lo is an Adjunct Professor of The School of Business of Hong Kong Baptist University and also a governor of an independent school, the ISF Academy, as well as the Chairman of Junior Achievement Hong Kong. Dr. Lo is currently the Vice Chairman of South China Media Group. Dr. Lo was appointed as an independent non-executive director of South China Land Limited, which is listed on the Hong Kong Stock Exchange (stock code: 8155), in 2002 and was re-designated as a non-executive director in September 2011.

Dr. Lo is currently holding directorships in the following companies listed on the securities markets in Hong Kong or overseas:

Name of listed company	Securities exchange and stock code	Position held
Nam Tai Electronics, Inc.	New York Stock Exchange: NTE	Independent non-executive director
Westminster Travel Limited	Singapore Stock Exchange: WTL	Independent director
Varitronix International Limited	Hong Kong Stock Exchange: 0710	Independent non-executive director
SITC International Limited	Hong Kong Stock Exchange: 1308	Independent non-executive director
South China Land Limited	Hong Kong Stock Exchange: 8155	Non-executive director
International Housewares Retail Company	Hong Kong Stock Exchange: 1373	Independent non-executive director
LZYE Group PLC	London Stock Exchange: LZYE.L	Independent non-executive director

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## DIRECTORS AND SENIOR MANAGEMENT

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Save as disclosed in this prospectus, there are no other matters in respect of each of our Directors that is required to be disclosed pursuant to Rule 13.51(2)(a) to (v) of the Listing Rules and there is no other material matters relating to our Directors that need to be brought to the attention of our Shareholders.

### *Senior Management*

The senior management team of our Group, in addition to the executive Directors listed above, includes Tan Ming Heng, our chief financial officer.

Tan Ming Heng (談銘恒), age 38, is our chief financial officer and is responsible for the overall financial operation of our Group. Mr. Tan graduated from Shanghai University in July 1998 with a Bachelors' degree in International Finance. He also obtained an EMBA degree from Fudan University (復旦大學) in June 2013. He has been recognized as a certified public accountant by the Ministry of Finance of the PRC since June 2000. In November 2002, Mr. Tan was also recognised as a certified internal auditor by The Institute of Internal Auditors and China Institute of Internal Auditors. In August 1998, he joined Ernst & Young Hua Ming's audit department, before leaving in January 2001 to join KPMG's audit department. He left KPMG and joined our operating subsidiary Jingrui Properties (Group) Co., Ltd. in April 2008 where he served as director of the risk management department. Mr. Tan was appointed to his current position in March 2013.

### JOINT COMPANY SECRETARIES

Yu Jia Le (于嘉樂), aged 35, is our joint company secretary and senior finance manager. Mr. Yu joined our Group in March 2013 as a senior finance manager and was appointed as our company secretary in May 2013. Mr. Yu has been recognized as a certified public accountant granted by the Ministry of Finance of the PRC since May 2001, a certified internal auditor granted by China Institute of Internal Auditors since November 2003, and has been recognized as a mid-level certified public accountant by the Ministry of Finance of the PRC since May 2005. He also obtained a certificate as a registered tax agent from the Shanghai Municipal Human Resources and Social Security Bureau in July 2005. Mr. Yu obtained a bachelor's degree in economics from Jiangxi University of Finance and Economics (江西財經大學) in July 2000, and also obtained an advanced diploma in management accounting from the Chartered Institute of Management Accountants in 2010. He joined Shanghai Sanjiu Technology Development Co., Ltd. (上海三九科技發展股份有限公司) in August 2002, before leaving in May 2004 to join Shanghai Julink Engineering Co., Ltd. (上海精裕設備成套工程有限公司) till January 2006. He was appointed as the senior clerk of the accounting department of Lining Sports (Shanghai) Co., Ltd. (李寧體育(上海)有限公司) from March 2006 to October 2007 and the assistant to the general manager of the finance department of Franshion (China) Property Co., Ltd. (方興地產(中國)有限公司) from October 2007 to April 2012. Thereafter, Mr. Yu worked as the senior finance manager of the Bohai Sea Region of Shimao Property Holdings Limited (世茂房地產控股有限公司) till March 2013, when he joined our Group. Mr. Yu was appointed as a senior finance manager of Jingrui Properties (Group) in March 2013.

Lai Siu Kuen (黎少娟), aged 38, is a manager of KCS Hong Kong Limited. She has over 15 years of professional and in-house experience in the company secretarial field. She holds a Bachelor of Arts degree in Accountancy and is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in United Kingdom.

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## DIRECTORS AND SENIOR MANAGEMENT

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### AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee consists of three members, namely Qian Shi Zheng, Lo Wing Yan William and Han Jiong, our independent non-executive Directors. Qian Shi Zheng has been appointed as the chairman of the audit committee, and is our independent non-executive Director possessing the appropriate professional qualifications. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group, oversee the audit process and perform other duties and responsibilities as assigned by our Board.

### REMUNERATION COMMITTEE

The Company established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members, namely Han Jiong, Lo Wing Yan William and Chen Xin Ge. Han Jiong, our independent non-executive Director, has been appointed as the chairman of the remuneration committee. The primary duties of the remuneration committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangement.

### NOMINATION COMMITTEE

The Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee consists of two independent non-executive Directors, being Han Jiong and Lo Wing Yan William and one executive Director, being Yan Hao, who is the chairman of the nomination committee. The primary duties of the nomination committee are to make recommendations to our Board on the appointment and removal of Directors of our Company.

### COMPLIANCE ADVISER

We have appointed Guotai Junan Capital Limited as our compliance adviser (the “**Compliance Adviser**”) upon listing of our Shares on the Stock Exchange in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the Compliance Adviser will provide advice to us when consulted by us in the following circumstances:

- the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

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## DIRECTORS AND SENIOR MANAGEMENT

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- where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the Shares of our Company.

The term of the appointment shall commence on the Listing Date and end on the date on which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date and this appointment may be subject to extension by mutual agreement.

### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The aggregate amount of remuneration our Directors have received (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) for the years ended December 31, 2010, 2011 and 2012 and six months ended June 30, 2013 was approximately RMB2.2 million, RMB3.3 million, RMB3.4 million and RMB1.8 million, respectively.

The aggregate amount of fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind paid to our five highest paid individuals of our Company, including Directors, during each of the years ended December 31, 2010, 2011, 2012 and six months ended June 30, 2013 was approximately RMB4.4 million, RMB5.3 million, RMB5.2 million and RMB2.5 million, respectively.

Under the arrangements currently in force, the aggregate amount of remuneration, excluding discretionary bonuses, payable to our Directors for the year ending December 31, 2013 is estimated to be approximately RMB3.4 million.

No remuneration was paid by us to our Directors or the five highest paid individuals as an inducement to join or upon joining us or as a compensation for loss of office in respect of the years ended December 31, 2010, 2011, 2012 and six months ended June 30, 2013. Further, none of our Directors had waived any remuneration during the same period.

Save as disclosed above, no other payments have been made or are payable in respect of each of the three years ended December 31, 2010, 2011, 2012 and six months ended June 30, 2013 by the Group to the Directors.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management which, following the Listing, will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of our Group.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering and assuming that the Over-allotment Option is not exercised, the following persons will have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Division 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:

Name	Nature of interest	Shares held immediately prior to the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and Global Offering		Shares held immediately following the completion of the Global Offering	
		Number	Percentage	Number	Percentage
Mr. Yan .....	Interest of a controlled corporation <sup>(1)</sup>	2,527,802	48.50%	442,346,008	35.28
BVI-2 .....	Beneficial interest	2,527,802	48.50%	442,346,008	35.28
Mr. Chen .....	Interest of a controlled corporation <sup>(2)</sup>	2,472,198	47.44%	432,678,240	34.51
BVI-1 .....	Beneficial interest	2,472,198	47.44%	432,678,240	34.51

*Notes:*

(1) Mr. Yan owns 100% of BVI-2. Mr. Yan is therefore deemed to be interested in the Shares held by BVI-2.

(2) Mr. Chen owns 100% of BVI-1. Mr. Chen is therefore deemed to be interested in the Shares held by BVI-1.

Save as disclosed above and in “Statutory and General Information” in Appendix VI, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering and assuming that the Over-allotment Option is not exercised, have an interest or a short position in the Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 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 any other member of the Group.



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## CORNERSTONE INVESTOR

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### THE CORPORATE PLACING

We have entered into a cornerstone investment agreement with Dalvey Asset Holding Ltd (the “**Cornerstone Investor**”), who has agreed to subscribe at the Offer Price for such number of Shares that may be purchased with an aggregate amount of US\$50 million (rounded down to the nearest whole board lot of 1,000 Shares). Assuming an Offer Price of HK\$4.84, the mid-point of the Offer Price range set forth in this prospectus and an exchange rate of HK\$7.7560 to US\$1.00, the noon buying rate in New York for cable transfers of Hong Kong dollars for U.S. dollars on June 28, 2013 as set forth in the H.10 weekly statistical release of the Federal Reserve Board, the total number of Shares to be subscribed for by the Cornerstone Investor would be 80,123,000 Shares, representing approximately 6.4% of our issued and outstanding share capital upon completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering (assuming that the Over-allotment Option is not exercised) or 25.6% of the total number of Offer Shares initially available under the Global Offering. The Cornerstone Investor (including its beneficial owners) is independent from our Company. The Cornerstone Investor will not subscribe for any Shares under the Global Offering other than pursuant to the relevant cornerstone placing agreement. Immediately following the completion of the Global Offering, the Cornerstone Investor will not have any board representation in our Company, nor will the Cornerstone Investor become a substantial shareholder of our Company. The shareholding of the Cornerstone Investor will be counted towards the public float of our Shares under Rule 8.24 of the Listing Rules.

The cornerstone placing forms part of the International Offering. The Shares to be purchased by the Cornerstone Investor will not be affected by any reallocation of the Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section “Structure of the Global Offering — The Hong Kong Public Offering”. Details of the allocation to the Cornerstone Investor will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on October 30, 2013.

### OUR CORNERSTONE INVESTOR

We set forth below a brief description of our Cornerstone Investor.

#### *Dalvey Asset Holding Ltd*

Dalvey Asset Holding Ltd is a limited liability company incorporated under the laws of the British Virgin Islands. It is wholly owned by RRJ Capital Master Fund II, L.P., a limited partnership established under the laws of Cayman Islands. RRJ Capital Master Fund II, L.P. is an Asian investment firm which focuses on private equity investments in China and South-East Asia.

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## **CORNERSTONE INVESTOR**

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### **CONDITIONS PRECEDENT**

The subscription obligation of the Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (1) the Hong Kong Underwriting Agreement and the International Purchase Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in such agreements or as subsequently waived or agreed by agreement by the parties thereto;
- (2) the Listing Committee of the Hong Kong Stock Exchange having granted the listing of, and permission to deal in, the Shares and such approval or permission not having been revoked prior to commencement of dealings in the Shares on the Stock Exchange; and
- (3) neither of the Hong Kong Underwriting Agreement nor the International Purchase Agreement having been terminated.

### **RESTRICTIONS ON THE CORNERSTONE INVESTOR'S INVESTMENT**

The Cornerstone Investor has agreed that, without the prior written consent of our Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of (as defined in the cornerstone investment agreement) any of the Shares subscribed for by it pursuant to the cornerstone investment agreement, other than transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that such wholly-owned subsidiary undertakes in writing to, and RRJ Capital Master Fund II, L.P. (as the guarantor in the cornerstone investment agreement) undertakes in writing to procure that such wholly-owned subsidiary will, be bound by the restrictions on disposals imposed on the Cornerstone Investor.

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## SHARE CAPITAL

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### AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid prior to and immediately following the completion of the Global Offering:

	<u>US\$</u>
<b>Authorised share capital:</b>	
<u>10,000,000,000</u> Shares	<u>100,000,000.00</u>
<b>Issued and to be issued, fully paid or credited as fully paid:</b>	
5,211,735 Shares in issue as at the date of this prospectus	52,117.35
906,841,890 Shares to be issued pursuant to the Capitalization Issue	9,068,418.90
28,207,844 Shares to be issued pursuant to the Pre-IPO Share Award Scheme	282,078.44
<u>313,430,000</u> Shares to be issued pursuant to the Global Offering	3,134,300.00
<u>1,253,691,469</u> Total	<u>12,536,914.69</u>

### ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### RANKING

The Shares are ordinary shares in the share capital of our Company and rank equally with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus except for any entitlement to the Capitalization Issue.

### GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section “Structure of the Global Offering — Conditions of the Global Offering”, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate nominal value of Shares allotted or agreed to be allotted by the Directors other than pursuant to:

- (a) a rights issue;
- (b) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with our Bye-laws;

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## SHARE CAPITAL

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(c) a specific authority granted by the Shareholders in general meeting,

shall not exceed the aggregate of:

- (i) 20% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and
- (ii) the total nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in the section “— General Mandate to Repurchase Shares” below.

This general mandate to issue Shares will expire:

- (1) at the conclusion of our next annual general meeting; or
- (2) at the end of the period within which we are required by any applicable law or our Bye-laws to hold our next annual general meeting; or
- (3) when varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section “Statutory and General Information — Further Information about Our Group — Resolutions in Writing of the Shareholders of Our Company Passed on October 6, 2013” in Appendix VI.

### **GENERAL MANDATE TO REPURCHASE SHARES**

Subject to the conditions stated in the section “Structure of the Global Offering — Conditions of the Global Offering”, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with a total nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose), and made in accordance with the Listing Rules. A summary of the relevant Listing Rules is set out in the section “Statutory and General Information — Further Information About the Group — Repurchases by Our Company of Our Own Securities” in Appendix VI.

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## SHARE CAPITAL

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This general mandate to repurchase Shares will expire:

- (i) at the conclusion of our next annual general meeting; or
- (ii) at the end of the period within which we are required by any applicable law or our Bye-laws to hold our next annual general meeting; or
- (iii) when varied or revoked by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please see the section “Statutory and General Information — Further Information about Our Group — Resolutions in Writing of the Shareholders of Our Company Passed on October 6, 2013” in Appendix VI.

### **PRE-IPO SHARE AWARD SCHEME**

We have adopted the Pre-IPO Share Award Scheme, pursuant to which certain employees have been granted Shares prior to Listing Date. The details of the Pre-IPO Share Award Scheme are set out in the section “Statutory and General Information — D. Pre-IPO Share Award Scheme” in Appendix VI.

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## FINANCIAL INFORMATION

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*You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto as at and for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 included in the Accountant's Report set out in Appendix I to this prospectus. The Accountant's Report has been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which may differ in material aspects from generally accepted accounting principles in other jurisdictions.*

*The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider the information provided in the section headed "Risk Factors" in this prospectus.*

*For the purpose of this section, unless the context otherwise requires, references to 2010, 2011 and 2012 refer to our financial year ended December 31 of such year. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.*

### OVERVIEW

We are one of the leading regional property developers in the Yangtze River Delta. According to China Index Academy, we are ranked as one of the top 10 developers in the Yangtze River Delta region that derived at least 50% of their revenues from the region<sup>(a)</sup>. Headquartered in Shanghai, we have established operations in 13 cities across China, of which 11 such cities are amongst the 16 core cities in the Yangtze River Delta region identified in "The Regional Plan for the Yangtze River Delta Region" by the State Council in May 2010. According to this Regional Plan, these 16 core cities, led by Shanghai, represent leading economic cities and over 80% of the nominal GDP in the Yangtze River Delta region, and are expected to further develop as a world-class city cluster. According to China Index Academy, the total nominal GDP contributed by these 16 cities accounted for approximately 17.3% of total national nominal GDP in 2012. In addition, we have successfully expanded our footprints to Tianjin, the center of Bohai Economic Rim, and Chongqing, a major economic center in Southwest China, two fastest growing centrally direct-controlled municipalities in the PRC, and are actively seeking additional opportunities in other regions.

We have implemented a rapid-asset-turnover model focusing on achieving higher growth rates and investment returns while maintaining healthy margin for each of our projects. We believe the application of rapid-asset-turnover approach to our property development enhances the investment return and efficiency of our development processes. We seek to successfully drive our projects from land acquisition,

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(a) China Index Academy's ranking of the top 10 developers with primary focus in the Yangtze River Delta region is determined by applying factor analysis methodology taking into account seven major indicators and more than 30 supplemental indicators, including a company's scale (such as total assets and total GFA sold), profitability (such as net profit and return on total assets), growth (such as growth rate of GFA sold and growth rate of revenue from the sale of properties), operating stability (such as advanced proceeds received from customers and current ratio), financing capability (such as cash flow from financing activities and ability to increase banking facilities), operating efficiency (such as asset turnover ratio) and social responsibilities (such as taxes paid).

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## FINANCIAL INFORMATION

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planning and construction to sales and delivery in a short period of time. As recognition of the success of our rapid-asset-turnover model, we were recognized as one of the top 10 property developers in China in terms of operating efficiency in 2011, 2012 and 2013 by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心). During the Track Record Period, our asset turnover ratio increased from 0.27 in 2010 to 0.34 in 2011 and to 0.37 in 2012.<sup>(a)</sup>

We derive our revenues primarily from the sale of residential properties. Our products are designed to meet the need of first-time home purchasers and those customers who are purchasing to upgrade their existing living conditions, customers that currently constitute the dominant portion of all property purchasers in the PRC. Our business operations have experienced significant growth during the Track Record Period. For the years ended December 31, 2010, 2011 and 2012, our revenue amounted to RMB2,532.4 million, RMB3,454.3 million and RMB4,058.8 million, respectively. For the years ended December 31, 2010, 2011 and 2012, our aggregate GFA of properties sold was 228,319 sq.m., 364,152 sq.m. and 456,612 sq.m., respectively. During the same periods, our profit was RMB337.2 million, RMB368.1 million and RMB341.5 million, respectively, adjusted profit excluding fair value gains on investment properties was RMB334.2 million, RMB362.1 million and RMB323.5 million, respectively, and profit attributable to equity holders of our Company amounted to RMB194.8 million, RMB160.3 million and RMB271.7 million, respectively. Our revenue increased from RMB1,073.8 million in the six months ended June 30, 2012 to RMB1,227.1 million in the six months ended June 30, 2013 and aggregate GFA of properties sold increased from 108,881 sq.m. to 140,484 sq.m. over the same period. Our profit was RMB75.3 million and RMB197.7 million in the six months ended June 30, 2012 and 2013, respectively, adjusted profit excluding fair value gains on investment properties was RMB68.6 million and RMB192.5 million, respectively, and profit attributable to equity holders of our Company was RMB53.7 million and RMB106.8 million, respectively.

### BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands as exempted company with limited liability on March 7, 2013. Immediately prior to and after the Reorganization, our property development business, or the Listing Business, is held by Jingrui Properties (Group) and conducted through Jingrui Properties (Group) and its subsidiaries. Pursuant to the Reorganization, Jingrui Properties (Group) and the Listing Business are transferred to and held by the Company. The Company and its other subsidiaries have not been involved in any other business prior to the Reorganization and do not meet the definition of a business. The Reorganization is merely a reorganization of the Listing Business with no change in management of such business. Accordingly, the consolidated financial information of the companies now comprising our Group is presented using the carrying values of the Listing Business under Jingrui Properties (Group) for the Track Record Period presented.

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(a) The asset turnover ratio is calculated by dividing revenue during the relevant period by the average of total assets as at the beginning and the end of the period, except for the asset turnover ratio of the Group in 2010 which is calculated by dividing the revenue of the Group in 2010 by the total assets of the Group in 2010 as the consolidated financial information of the Group in 2009 is not included in this prospectus.

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The consolidated financial statements have been prepared in accordance with HKFRSs under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value. All significant inter-company transactions, balances and unrealized gains/losses on transaction between Group companies are eliminated on consolidation. The consolidated financial information is presented in Renminbi unless otherwise stated.

### **SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our results of operations have been, and are expected to continue to be, affected by a number of factors, which primarily include the following:

#### ***Regulatory Environment and Economic Conditions in the PRC***

Our business and operating results have been, and will continue to be, significantly affected by governmental policies and regulations in the PRC, in particular those relating to property market. In recent years, the PRC government has implemented a series of measures to control the overheated real estate market, which aim to discourage speculative investments and increase the supply of affordable residential properties. From time to time, the central and local governments adjust or introduce policies and regulations relating to land grants, pre-sales of properties, bank financing and taxation, which have significantly impacted the availability and cost of financing for real estate developers, including us. In addition, recent restrictive regulations may also affect the availability and cost of financing for potential property purchasers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks, restrictions on the number of properties local residents may purchase and increasing taxes on title transfer and property ownership.

In addition, the overall economic growth, urbanization and rising standard in the Yangtze River Delta region and other target cities in which we operate in are expected to continue to impact our business and operating results, in terms of customers' purchasing power and the demand for quality residential properties.

We are currently focused on developing properties that target customers who are either first time home purchasers or those purchasing to upgrade their home, which represent properties that are in line with the current regulatory environment in the PRC. As a result, we believe we are less susceptible to the restrictive measures and will continue to benefit from the continued economic growth and urbanization in the Yangtze River Delta region.

#### ***Availability and Cost of Financing***

Financing is an important source of funding for property development. During the Track Record Period, we financed our operations primarily through internally generated cash flow and borrowings from commercial banks and trust financing providers. The monetary regulations imposed by the PRC government from time to time may affect our access to capital and cost of financing. We are also highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those restrict the ability of real estate developers. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs. In addition, during the Track Record Period, we obtained secured trust financings from several trust financing providers, which usually have a greater flexibility in terms of fund availability and repayment requirements. While trust financing providers generally do not



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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 risks in loan growth, which may include more stringent review procedures that trust financing providers are required to adopt when considering applications for trust financing and remedial actions that trust financing providers 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 financing providers can make available for the PRC property development industry as a whole and to us. As such, any increase in interest rates offered to us and the general credit availability may significantly impact our real estate development business.

As at December 31, 2010, 2011 and 2012 and June 30, 2013, our total outstanding borrowings amounted to RMB2,978.3 million, RMB3,966.0 million, RMB3,982.2 million and RMB4,664.8 million, respectively. The effective weighted average interest rates for our bank loans were 6.04%, 6.96%, 7.03% and 7.51%, respectively, and such rates for trust financings were 15.26%, 15.16%, 16.60% and 14.98%, respectively, as at December 31, 2010, 2011 and 2012 and June 30, 2013. In addition, a significant portion of our finance costs are capitalized at the time it is incurred to the extent such costs are directly attributable to the land acquisition and project construction. An increase in our finance costs will negatively affect our profitability and results of operations and the availability of financing will affect our ability to engage in our project development activities, which will adversely affect our results of operations.

### *Availability and Cost of Land in Strategically Selected Locations*

Land acquisition costs are one of the major components of our cost of sales for property development. It is generally expected that land premiums will continue to rise in the PRC as the economy continues to grow, which may materially and adversely affect our business and operating results.

Our continued business growth is highly depend on our ability to secure and acquire quality land parcels at reasonable prices that can yield favourable returns. Based on current development plans, we believe our current land reserves are sufficient for our future development in the next four to five years. As the PRC economy continues to grow and demand for residential properties remains relatively strong, we expect competition among property developers to intensify, especially in the Yangtze River Delta region where most of our properties are located in. In addition, PRC governmental land supply policies and implementation measures, such as requirements for land grants through public tender, auction and listing-for-sale, are likely to further intensify competition, consequently, increase the land acquisition costs. In order to participate in the public tender, auction and listing-for-sale processes, we are required to pay a deposit upfront, which typically represents a significant portion of the actual cost of the relevant land and we are required to settle the land premium within one year after signing the land grant contract in accordance with relevant regulation, which have accelerated the timing of our payment for land acquisition costs and have had a significant impact on our cash flows. Furthermore, in order to implement our rapid-asset-turnover business model, we strategically target land parcels that satisfy our internal evaluation requirements, such as site areas within in a certain range, location, planned plot ratio and expected investment returns, which may further restrict the availability of suitable target lands and increase land acquisition costs.

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### *LAT*

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign invested real estate developers in the PRC and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. During the Track Record Period, we recorded LAT expenses of RMB224.9 million, RMB217.4 million, RMB79.9 million and RMB44.2 million for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. We have accrued all LAT payable on our property sales and transfers in compliance with the relevant LAT laws and regulations. However, the provision for LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Under such circumstances, our results of operations and cash flows may be materially and adversely affected.

### *Product Mix*

We derive substantially all of our revenue from the sale of our property developments, most of which are residential properties. We price our properties by taking into account various factors, including prevailing local market prices, supply and demand conditions, the type and positioning of properties being developed. The price of properties in different cities can have significant difference, so are the related construction and land use rights costs. Therefore, our results of operations and cash flows may vary from period to period depending on the types, total GFA and the location of properties delivered and the ASPs of these properties sold.

### *Timing of Property Development and Pre-sale*

The number of property developments that a developer can undertake during any particular period is limited due to substantial capital requirements for land acquisitions and construction costs as well as land supply. The development of a property project may take several months to even years before the commencement of pre-sale, depending on the size and difficulty of the project, and no revenue with respect to such project is recognized until it is completed and delivered to the customers. Therefore, our cash flows and results of operation vary from period to period, subject to the selling prices and the GFA pre-sold/sold and delivered in the relevant period. In addition, delays in construction, regulatory approval and other processes may also adversely affect the timetable of our projects. Timing of pre-sale is subject to not only our internal schedules but also relevant PRC laws and regulations. The relevant pre-sale requirements vary from city to city and pre-sale proceeds of a project are required to be used to finance its development. As a result of the time differences between cost incurred, cash received from pre-sales and revenue recognition, our results of operation have fluctuated in the past and are likely to continue to fluctuate in the future.

### *Construction Materials and Labour Cost*

Construction costs constitute a substantial portion of our cost of sales, of which, construction materials and labour cost are the two major components. Construction costs fluctuate as a result of changes in the price of certain key construction materials, such as steel and cement. Costs for construction materials and construction labour are generally included in the contractor fees agreed between us and our general contractors. However, for certain major construction materials such as steel and concrete, where the prices

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may fluctuate significantly, we and our contractors usually specify the price range by referring to the average monthly market prices issued by relevant local authorities within which range the total construction contract price will remain fixed. If the price fluctuate outside such initial specified price range, the parties will share the risks equally, or, if the price fluctuate even further above such secondary price range, we will be solely responsible for the price increase or enjoy the benefit of the price decrease. If we are unable to successfully pass on such increase in construction costs to our customers, we will not be able to achieve our target margin.

### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our critical accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in detail in Note 2 of Section II to the Accountant's Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in the future periods, and as a result, actual results could differ from those estimates.

#### *Revenue Recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of our activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within our Group. Revenue is recognised as follows:

- (i) *Sales of properties.* Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.
- (ii) *Rental income.* Rental income from properties being let under operating leases is recognised on a straight line basis over the lease terms.
- (iii) *Service income.* Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectability of the related receivables is reasonably assured.

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### *Land Use Rights*

All land in the PRC is stated-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by us for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties.

### *Borrowings and Borrowing Costs*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statements of income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

We begin capitalising borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalisation is the date when we first meet all of the following conditions:

- we incur expenditures for the asset;
- we incur borrowing costs; and
- we undertake activities that are necessary to prepare the asset for the intended use or sale.

We cease capitalising borrowing costs when substantially all the activities necessary to prepare the qualifying asset for the intended use or sale are complete.

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### *Properties Held or under Development for Sale*

Properties held or under development for sale are included in current assets at the lower of cost and net realizable value. The costs of properties held or under development consist of costs of leasehold land, construction expenditure, capitalized borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realizable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

### *Investment Properties*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by us, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Investment property comprises land held under operating leases and buildings owned by us. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In this case, the operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Changes in fair value are recognized in the consolidated statement of income. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, we use alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are performed at balance sheet date by external valuers.

Property under construction is measured at fair value if the fair value is considered to be reliably measurable. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. Any difference between the fair value of the property at that date and its then carrying amount shall be recognized in the consolidated statements of income. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to us and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognized as a revaluation of property, plant and equipment under HKAS 16. An increase arising from revaluation is recognized in other comprehensive income and accumulated in equity but to the extent that the increase reverses a previous impairment loss for the same property, it is recognized in profit and loss. On subsequent disposal, the revaluation surplus included in equity is transferred directly to retained earnings.

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### *Trust Financing Arrangement with Equity Repurchase Obligation*

During the Track Record Period, certain of our financings are provided by trust financing providers through the injection of capital or the transfer of equity interests in our project companies. Under these financing arrangements, we have the obligation, at the expiry of the trusting arrangements, to repurchase the principal equity amount at a fixed rate of return, or sometimes plus an additional floating rate which is determined based on certain performance results of the project companies.

Under these financing arrangements, the directors designated by the trust financing providers who only hold some minority seats in the board of directors of relevant project companies are entitled to cast their votes at the board. Considering that the operating environment and structure of the project companies require that all the major financial and operating policies are pre-determined by the Group before set-up of these trust financing arrangement and the trust period falls within only part of the whole development period of property development and sale, the purpose of the trust financing providers' holding of some minority seats in the board and casting votes (if any) is to ensure that there will be no significant change to the pre-defined activities of the project companies and is essentially protective in nature, and we continue to maintain our substantive rights over the daily operating and financial activities of the project companies.

In addition, in accordance with HKAS 32, "if an entity does not have an unconditional right to avoid delivering cash or another financial asset to settle a contractual obligation, the obligation meets the definition of a financial liability" and "a contract that contains an obligation for an entity to purchase its own equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount", the amount of equity interests transferred to the trust financing providers are recognized as financial liability.

Therefore, the substance of this type of trust financing arrangement is borrowing with the equity interests in the project companies legally transferred to the trust financing providers as collateral, which will be released upon repayment of the principal of the trusted loans like other conventional collateralized borrowings. Accordingly, the relevant project companies should continue to be consolidated into our financial information, and proceeds from the trust financing arrangements have been accounted for as borrowing from the trust financing providers in our financial information during the Track Record Period.

## FINANCIAL INFORMATION

### CONSOLIDATED INCOME STATEMENTS

The following table sets forth our consolidated income statements for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Revenue .....	2,532,400	100.0	3,454,341	100.0	4,058,848	100.0	1,073,845	100.0	1,227,097	100.0
Cost of sales .....	(1,584,680)	(62.6)	(2,362,898)	(68.4)	(3,160,844)	(77.9)	(773,064)	(72.0)	(965,082)	(78.6)
<b>Gross profit</b> .....	947,720	37.4	1,091,443	31.6	898,004	22.1	300,781	28.0	262,015	21.4
Fair value gains on investment properties .....	4,000	0.2	8,000	0.2	24,000	0.6	9,000	0.8	7,000	0.6
Selling and marketing costs ..	(133,880)	(5.3)	(190,259)	(5.5)	(166,586)	(4.1)	(60,829)	(5.6)	(66,055)	(5.4)
Administrative expenses .....	(139,073)	(5.5)	(153,797)	(4.5)	(151,188)	(3.7)	(75,242)	(7.0)	(72,432)	(5.9)
Other income .....	2,096	0.1	1,718	0.1	2,998	0.0	1,360	0.1	920	0.0
Other (losses)/gains, net .....	(9,337)	(0.4)	(6,890)	(0.2)	(21,774)	(0.5)	3,882	0.4	191,253	15.6
<b>Operating profit</b> ..	671,526	26.5	750,215	21.7	585,454	14.4	178,952	16.7	322,701	26.3
Finance (costs)/income, net .....	(8,305)	(0.3)	4,784	0.1	18,189	0.4	5,423	0.5	12,479	1.0
Share of results of jointly controlled entities .....	34,333	1.4	(1,981)	(0.1)	2,007	0.1	(1,549)	(0.2)	(2,687)	(0.2)
<b>Profit before income tax</b> .....	697,554	27.6	753,018	21.8	605,650	14.9	182,826	17.0	332,493	27.1
Income tax expense .....	(360,377)	(14.3)	(384,884)	(11.1)	(264,200)	(6.5)	(107,521)	(10.0)	(134,747)	(11.0)
<b>Profit for the year/period</b> .....	<u>337,177</u>	<u>13.3</u>	<u>368,134</u>	<u>10.7</u>	<u>341,450</u>	<u>8.4</u>	<u>75,305</u>	<u>7.0</u>	<u>197,746</u>	<u>16.1</u>
Attributable to:										
Equity holders of the Company .....	194,798		160,278		271,682		53,720		106,804	
Non-controlling interests .....	142,379		207,856		69,768		21,585		90,942	
	<u>337,177</u>		<u>368,134</u>		<u>341,450</u>		<u>75,305</u>		<u>197,746</u>	

## FINANCIAL INFORMATION

### DESCRIPTION OF CERTAIN MAJOR COMPONENTS OF OUR CONSOLIDATED INCOME STATEMENT

#### *Revenue*

Our revenue during the Track Record Period consists of revenue derived from (i) sales of properties, (ii) provision of property management services, (iii) rental income, and (iv) other operations. The table below sets forth our revenue for each of the businesses described above and the percentage of total revenue represented for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
	(Unaudited)									
Sales of properties..	2,490,782	98.4	3,403,289	98.5	3,995,539	98.4	1,048,105	97.6	1,197,729	97.6
Property management .....	25,941	1.0	36,681	1.1	48,622	1.2	19,161	1.8	24,318	2.0
Rental income.....	10,414	0.4	11,598	0.3	12,371	0.3	5,988	0.6	4,813	0.4
Others.....	5,263	0.2	2,773	0.1	2,316	0.1	591	0.0	237	0.0
<b>Total.....</b>	<b>2,532,400</b>	<b>100.0</b>	<b>3,454,341</b>	<b>100.0</b>	<b>4,058,848</b>	<b>100.0</b>	<b>1,073,845</b>	<b>100.0</b>	<b>1,227,097</b>	<b>100.0</b>

#### **Sales of Properties**

Revenue from sales of properties has been constituted, and is expected to continue to constitute, a substantial majority of our total revenue. Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Conditions of the property markets change from period to period and are affected by the economic, political and regulatory developments in the PRC in general as well as in the cities and regions in which we operate. During the Track Record Period, we focused on the sale of different projects, and the GFA sold fluctuated from period to period depending on the size of the projects and the stage of their development. The table below sets forth the total revenue recognized from sales of properties, the aggregate GFA delivered, the recognized ASP per sq.m. for the periods and projects indicated:



# FINANCIAL INFORMATION

For the Six Months Ended June 30,

For the Year Ended December 31,

	2010				2011				2012				2013										
	Types of Properties Delivered	RMB'000	%	GFA sqm.	ASP <sup>(1)</sup> RMB/sqm.	Types of Properties Delivered	RMB'000	%	GFA sqm.	ASP <sup>(1)</sup> RMB/sqm.	Types of Properties Delivered	RMB'000 (unaudited)	%	GFA sqm.	ASP <sup>(1)</sup> RMB/sqm.	Types of Properties Delivered	RMB'000	%	GFA sqm.	ASP <sup>(1)</sup> RMB/sqm.			
<b>Shanghai</b>																							
Shanghai Houses	674,809	27.1	37,445	18,021	Houses and retail areas	933,484	27.4	50,852	18,357	Houses	333,370	8.3	17,170	19,416	High-rise apartments, houses, townhouses and stacked townhouses	168,437	16.1	8,329	20,222	56,242	4.7	2,654	21,191
Jingru Fair Town (上海嘉瑞城).....																							
<b>Shanghai</b>																							
Shanghai Houses	586,365	23.5	39,217	14,952	Townhouses, houses and retail areas	245,677	7.2	14,576	16,855	Houses and retail areas	341,654	8.6	21,444	15,932	Houses and townhouses	93,843	9.0	6,020	15,588	21,588	1.8	1,302	16,579
Jingru Sofishore City (上海嘉瑞城).....																							
<b>Shanghai</b>																							
Shanghai Retail areas					Retail areas	35,872	1.1	2,214	16,200														
Jingru Life Square (上海嘉瑞城).....																							
<b>Jiangsu Province</b>																							
Changzhou High-rise apartments and retail areas	23,595	0.9	3,324	7,098	High-rise apartments and retail areas	584,093	17.2	109,812	5,319	High-rise apartments and retail areas	17,669	0.4	1,505	11,741	Retail areas	20,924	2.0	2,899	7,217	23,401	2.0	3,403	6,877
Jingru Dawn City (常州嘉瑞城).....																							
<b>Changzhou</b>																							
Changzhou Townhouse					Townhouse	197,869	5.8	15,461	12,798	Townhouse	92,096	2.3	8,520	10,809	Houses and townhouses	31,088	3.0	3,017	10,305	16,396	1.4	1,556	10,536
Jingru England County (常州嘉瑞城).....																							
<b>Suzhou</b>																							
Suzhou Townhouses and stacked townhouses	427,755	17.2	40,188	10,644	High-rise apartments, townhouses and stacked townhouses	510,325	15.0	65,944	7,739	High-rise apartments, townhouses and stacked townhouses	762,167	19.1	94,474	8,067	High-rise apartments, townhouses and stacked townhouses	37,413	3.6	4,612	8,113	364,850	30.5	34,303	10,636
Jingru Royal Bay (常州嘉瑞城).....																							
<b>Suzhou</b>																							
Suzhou Stacked townhouses					Stacked townhouses	243,360	7.2	27,413	8,878	Houses and stacked townhouses	213,678	5.3	25,220	8,473	Houses and townhouses	1,138	0.1	173	6,560	78,045	6.5	8,746	8,923
Jingru Jade Bay (蘇州嘉瑞城).....																							
<b>Taizhou</b>																							
Taizhou High-rise apartments and stacked townhouses					High-rise apartments and stacked townhouses					High-rise apartments and stacked townhouses	525,600	13.2	62,669	8,387	Houses and stacked townhouses	326,875	31.2	35,869	9,113	186,378	15.6	25,111	7,422
Jingru Royal Bay (台州嘉瑞城).....																							
<b>Nantong</b>																							
Nantong High-rise apartments and stacked townhouses					High-rise apartments and stacked townhouses					High-rise apartments and stacked townhouses	634,685	15.9	76,125	8,337					113,659	9.5	14,946	7,605	
Jingru Dignity Mansion (南通嘉瑞城).....																							

# FINANCIAL INFORMATION

		For the Year Ended December 31,						For the Six Months Ended June 30,						
		2010			2011			2012			2013			
Types of Properties Delivered	RMB'000	%	GFA sqm.	ASP <sup>(1)</sup> RMB/sqm.	Types of Properties Delivered	RMB'000	%	GFA sqm.	ASP <sup>(1)</sup> RMB/sqm.	Types of Properties Delivered	RMB'000	%	GFA sqm.	ASP <sup>(1)</sup> RMB/sqm.
<b>Zhejiang Province</b>														
Huzhou	105,585	4.2	8,140	12,970	Townhouses	111,722	3.3	8,549	13,069	Townhouses and high-rise apartments	346,744	8.7	51,028	6,795
Jingru Cinatti (湖州嘉瑞 • 西西那 坡).....														
Zhoushan	151,734	6.1	18,115	8,376	High-rise apartments, houses and townhouses	26,693	0.8	2,489	10,724					
Jingru HOPSCA (舟山嘉瑞 • 豪布斯 卡).....														
<b>Tianjin</b>														
Tianjin Jingrui Sunny City (天津 津景瑞 • 陽光尚 城).....	326,855	13.1	53,812	6,074	High-rise apartments and houses	288,763	8.5	41,137	7,020	High-rise apartments and houses	164,005	4.1	21,171	7,747
Tianjin Jingrui England Country (天津景瑞 • 英郡).....														
<b>Chongqing</b>														
Jingru Biv Valley (重慶嘉瑞 • 藍溪谷 地).....	173,887	7.0	27,899	6,233	High-rise apartments, houses and retail areas	174,507	5.0	25,705	6,789	High-rise apartments, houses and retail areas	382,147	9.6	51,724	7,388
Others <sup>(2)</sup> .....	4,771	0.3	177	27,000	N/A					N/A	1,280	0.0	57	22,615
<b>Car parks</b> .....	2,475,356	99.4	228,319	10,842		3,352,365	98.5	364,152	9,206		3,956,841	99.4	108,881	9,571
	15,426	0.6	237 <sup>(3)</sup>			50,924	1.5	781 <sup>(3)</sup>			38,698	1.0	506 <sup>(3)</sup>	
<b>Total</b> .....	2,490,782	100.0				3,403,289	100.0				3,995,539	100.0		

**Notes:**

- (1) Changes in ASP between the periods was primarily due to the mix in the type of properties sold.
- (2) In 2010 and 2012, represented certain units in properties that were completed prior to the Track Record Period. For the six months ended June 30, 2013, represented certain units in properties returned to us by customers who failed to enter into final property purchase agreements.
- (3) Represents the number of car parks sold.

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## FINANCIAL INFORMATION

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Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is a time difference, typically at least one year, between the time we commence the pre-selling properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers. Proceeds from customers of pre-sold properties are recorded as “advances from pre-sale of properties” before relevant sales revenue are recognized. Since the revenue from sales of properties are only recognized upon the delivery of properties, the timing of such delivery may affect not only the amount and growth rate of our revenue from sales of properties but also may cause changes in other payables and accruals to fluctuate from period to period.

### **Property Management**

Our property management revenue represents revenue generated from property management services we provide through our wholly owned subsidiary, Shanghai Jingrui Property Management, to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. During the Track Record Period, revenue from property management, both in absolute amount and as percentage of total revenue, increased steadily, primarily due to the continued growth of our properties completed.

### **Rental Income**

Rental income mainly includes recurring revenue from leasing our investment properties and certain other completed properties and is recognized on a straight-line basis over the relevant lease terms. We currently focus on the development of residential properties but usually develop certain ancillary retail areas in our projects, which increase the value of such projects and enables us to better serve residents of our property projects. A substantial portion of our rental income were generated from leasing the retail areas of Shanghai Jingrui Life Square.

### **Others**

We also generate revenue from the property agency services provided to properties developed by us and third parties, where we receive commissions from time to time upon a successful sale of such properties.

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## FINANCIAL INFORMATION

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### *Cost of Sales*

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

- *Construction costs.* Construction costs include all the costs for the design and construction of a project, including payments to third-party contractors and designers and costs of construction materials. Our construction costs are affected by a number of factors, including the type and geographic condition of the properties being constructed or the type and amount of construction materials to be used, which may vary from city to city. Historically, construction material costs and construction labour cost, which are generally included in the payments to the construction contractors, particularly the cost of steel and cement, has been a primary contributing factor in terms of fluctuations in our construction costs.
- *Land use right costs.* Land use right costs include costs relating to acquisition of the rights to occupy, use and develop land and primarily land premiums incurred in connection with a land grant from the government. These costs for a project are affected by a number of factors, such as the location of the underlying property, regional real estate market condition, the timing of the land acquisition, the project's plot ratios, the method of acquisition and changes in PRC regulations. Although we have not in the past required to do so, we may be required to pay demolition and resettlement costs, subject to the condition of the land parcel that is acquired.
- *Capitalized interest.* We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the acquisition and construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our consolidated income statements in the period in which they are incurred.
- *Business tax and related surcharges.* Our operating subsidiaries in the PRC are subject to business tax and related surcharges. Business tax is levied at 5% of revenue, while surcharges vary from city to city, usually ranging from 4% to 12% of business tax.
- *Other costs.* We also incur other costs associated with our property management operations, leasing and property agency services, which primarily consists of direct costs relating to such business activities, such as salaries and commission and costs of rental, depending on the nature of the business.

## FINANCIAL INFORMATION

Our total cost of sales increased from RMB1,584.7 million in 2010 to RMB2,362.9 million in 2011 and further to RMB3,160.8 million in 2012. Our cost of properties sold increased from RMB1,412.7 million in 2010 to RMB2,116.2 million in 2011 and further to RMB2,866.1 million in 2012. Our average cost of properties per sq.m. sold decreased from RMB6,187 in 2010 to RMB5,811 in 2011 and increased to RMB6,277 in 2012. Our total cost of sales increased from RMB773.1 million in the six months ended June 30, 2012 to RMB965.1 million in the six months ended June 30, 2013. Cost of properties sold increased from RMB667.0 million to RMB860.9 million over the same period. Our average cost of properties per sq.m. sold remained relatively stable and was RMB6,126 and RMB6,128 in the six months ended June 30, 2012 and 2013, respectively.

The table below sets forth information relating to our cost of sales and as percentage of total cost of sales for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Cost of properties sold .....	1,412,710	89.1	2,116,234	89.5	2,866,135	90.7	667,037	86.2	860,934	89.2
Business tax and surcharges .....	140,282	8.9	193,099	8.2	227,280	7.2	59,959	7.8	70,135	7.3
Other costs <sup>(1)</sup> .....	31,688	2.0	53,565	2.3	67,429	2.1	46,068	6.0	34,013	3.5
<b>Total</b> .....	<u>1,584,680</u>	<u>100.0</u>	<u>2,362,898</u>	<u>100.0</u>	<u>3,160,844</u>	<u>100.0</u>	<u>773,064</u>	<u>100.0</u>	<u>965,082</u>	<u>100.0</u>
Total GFA delivered (sq.m.) .....	228,319		364,152		456,612		108,881		140,484	
Average cost of properties per sq.m. sold (RMB) <sup>(2)</sup> .....	6,187		5,811		6,277		6,126		6,128	
Average cost per sq.m. as % of ASP .....	57.1		63.1		72.4		64.0		73.0	

*Notes:*

- (1) Includes costs associated with property management, leasing and other operations.
- (2) Refers to cost of properties sold for a period divided by total GFA delivered (excluding car parks) in that period.

## FINANCIAL INFORMATION

### *Fair Value Gains On Investment Properties*

We develop and hold certain retail areas in our properties for rental income or capital appreciation. Our investment properties are appraised annually by our independent property valuer. Any appreciation or depreciation in our investment property value is recognized as fair value gains or losses in our consolidated income statements. The fair value gains on investment properties for the years ended December 31, 2010, 2011 and 2012 were RMB4.0 million, RMB8.0 million and RMB24.0 million, respectively. The fair value gains on investment properties was RMB9.0 million and RMB7.0 million for the six months ended June 30, 2012 and 2013, respectively.

### *Selling and Marketing Costs*

Selling and marketing costs primarily consist of sales commission paid to our in-house sales and marketing personnel and third-party sales agents, advertising and publicity costs, sales and marketing staff cost and other expenses relating to sales of our properties, including advertisement in newspaper and magazines, promotional offers made directly to our customers and certain other promotional events. The following table sets forth a breakdown of key components of our selling and marketing costs, in absolute amounts and as percentages of revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Sales commission ..	39,428	1.6	48,294	1.4	68,790	1.7	28,644	2.7	14,696	1.2
Advertising and publicity costs ...	79,297	3.1	115,077	3.3	74,137	1.8	21,881	2.0	30,552	2.5
Staff costs .....	4,272	0.2	6,284	0.2	9,787	0.2	3,012	0.3	12,173	1.0
Other expenses <sup>(1)</sup> ...	10,883	0.4	20,604	0.6	13,872	0.4	7,292	0.7	8,634	0.7
<b>Total</b> .....	<u>133,880</u>	<u>5.3</u>	<u>190,259</u>	<u>5.5</u>	<u>166,586</u>	<u>4.1</u>	<u>60,829</u>	<u>5.7</u>	<u>66,055</u>	<u>5.4</u>

*Note:*

- (1) Includes travel and entertainment expenses and general office and meeting expenses related to sales and marketing activities.

The significant selling and marketing costs incurred in 2011 reflected our marketing efforts in promoting our property projects amid the weakening market environment in that year, in response to the restrictive regulations and policies controlling the overheated real estate market. We expect that our selling and marketing costs, in absolute amounts, will continue to increase as our business continue to grow.

## FINANCIAL INFORMATION

### *Administrative Expenses*

Administrative expenses primarily consist of administration staff costs, office rental payments, depreciation and amortization, auditors' remuneration, professional fees and other general office expenses and miscellaneous expenses. The following table sets forth a breakdown of key components of our administrative expenses, in absolute amounts and as percentages of revenue, for the periods indicated:

	For the Year Ended December 31,						For the Six Months Ended June 30,			
	2010		2011		2012		2012		2013	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (Unaudited)	%	RMB'000	%
Staff costs.....	70,671	2.8	70,773	2.0	78,934	1.9	43,971	4.1	30,588	2.5
Depreciation of property, plant and equipment.....	3,937	0.2	4,906	0.1	4,133	0.1	2,405	0.2	2,315	0.2
Auditors' remuneration and professional fees <sup>(1)</sup> .....	14,049	0.6	7,253	0.2	9,190	0.2	4,264	0.4	13,720	1.1
Entertainment expenses.....	5,774	0.2	7,603	0.2	7,510	0.2	3,634	0.3	4,085	0.3
Office and meeting expenses.....	10,851	0.4	12,787	0.4	9,642	0.2	5,041	0.5	5,501	0.4
Rental expenses.....	6,267	0.2	6,160	0.2	6,028	0.1	2,976	0.3	2,990	0.2
Other expenses <sup>(2)</sup> ...	27,524	1.1	44,315	1.4	35,751	1.0	12,951	1.2	13,233	1.1
<b>Total</b> .....	<u>139,073</u>	<u>5.5</u>	<u>153,797</u>	<u>4.5</u>	<u>151,188</u>	<u>3.7</u>	<u>75,242</u>	<u>7.0</u>	<u>72,432</u>	<u>5.9</u>

*Notes:*

- (1) The auditor's remuneration and professional fees in 2010 were higher than those in 2011 and 2012 primarily due to the relevant expenses incurred by a PRC subsidiary of the Company in 2010 in relation to the preparation work in its prior initial public offering efforts in the PRC. The prior initial public offering efforts in 2010 were terminated as a result of our management's strategic decision in light of the challenging initial public offering environment in the PRC at that time as a result of then government policies. The prior initial public offering application in the PRC was ceased during the review process by the CSRC and such cessation was not a result of any non-compliance or wrongdoing on the part of us or rejection by the CSRC.
- (2) Includes bank charges, stamp duty and other taxes and other general office expenses.

We expect our administrative expenses to increase as we grow our business and incur increased expenses as a public company upon the completion of this Global Offering.

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## FINANCIAL INFORMATION

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### *Other Income*

During the Track Record Period, other income primarily consisted of government grants and compensation income. Compensation income primarily represented forfeited deposits received from certain potential customers who did not subsequently enter into sales agreements with us and penalty received from certain suppliers due to their breach of contracts. Other income decrease from RMB2.1 million in 2010 to RMB1.7 million in 2011 and increased to RMB3.0 million in 2012. Other income decreased from RMB1.4 million for the six months ended June 30, 2012 to RMB0.9 million for the six months ended June 30, 2013.

### *Other (Losses)/Gains, Net*

Other gains or losses, net primarily include fair value gains or losses on financial assets at fair value through profit or loss, gains or losses from disposal of property, plant and equipment as well as compensation. Other gains or losses, net also included compensation for land and relocation costs as well as change in fair value of trust loans related derivatives. Other losses incurred in 2012 were primarily due to a one-time provision for land use rights of Shanghai Garden City, please refer to “Business — Legal Proceedings” for further details. We incurred other losses, net of RMB9.3 million, RMB6.9 million and RMB21.8 million in 2010, 2011 and 2012, respectively. We recorded other gains, net in the amount of RMB3.9 million and RMB191.3 million in the six months ended June 30, 2012 and 2013, respectively. Other gains recorded in the six months ended June 30, 2013 were primarily due to the return of a parcel of land by us to the local government as a result of change in the zoning plan over such land by the local government and the net gain arising from the corresponding compensation provided by the local government to us and our loss of land costs and relocation costs incurred.

Financial assets at fair value through profit or loss represent listed funds in the PRC which we held for trading. During the Track Record Period, we invested in wealth management products, mainly low-risk listed funds in the PRC, for our short-term cash flows and treasury management purposes. We have established strict investment management procedures to monitor and control the potential risks relating to these investment activities. Our current investment management procedures do not provide the investment limits nor cut-loss limits, however, in principle, we are only allowed to invest in short-term wealth management products with low-risk profile. Our investment management procedures specify in detail responsible parties and their respective authority. For example, any investment in financial products in the amount less than RMB3.0 million (or in the aggregate, less than RMB15.0 million) shall be subject to the review and approval of our chief financial officer and any investment in the amount over RMB 3.0 million (or in the aggregate over RMB15.0 million) shall be subject to the review and approval of the chairman of our board of Directors. The director of our finance department is responsible for the on-going review and monitoring of our investment portfolio and the relevant post-transaction risks. We currently do not intend to invest in any additional wealth management products when our current investment expire in September 2013.

Compensation during the Track Record Period mainly represented the amount paid to certain of our customers as a remedial compensation for the occasional delay in delivery of the title documents after sale or certain claims brought against us under our quality warranties.



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## FINANCIAL INFORMATION

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### *Finance Costs/(Income), Net*

Finance income primarily consist of interest income on bank deposits. Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalized interest relating to properties under development.

### *Income Tax Expenses*

Income tax expenses represent corporate income tax and LAT payable by our subsidiaries in the PRC. We calculate our effective corporate income tax rate by using the quotient of (a) the result of PRC corp. income tax plus deferred income tax, divided by (b) the result of profit before income tax minus LAT. Fluctuations in our effective corporate income tax rate from period to period was primarily due to changes in our effective rates of corporate income tax and LAT. For the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013, our effective corporate income tax rate was 29%, 31%, 35% and 31%, respectively.

## TAXATION

### *Cayman Islands*

We are incorporated in the Cayman Islands as an exempt company with limited liability. Under the current law of the Cayman Islands, we are not subject to income or capital gains tax in the Cayman Islands.

### *Hong Kong*

No provision for Hong Kong profits tax has been made during the Track Record Period as we did not generate any assessable profits arising in Hong Kong.

### *PRC*

#### **Income tax**

Pursuant to the EIT Law, a uniform 25% enterprise income tax rate is generally applied to both foreign-invested enterprises and domestic enterprises, except where a special preferential rate applies. Our subsidiaries in the PRC are subject to the 25% enterprise income tax rate.

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## FINANCIAL INFORMATION

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Under the EIT Law and the EIT Implementation Rules, an enterprise established outside of the PRC with “de facto management bodies” within the PRC is considered a resident enterprise and is subject to enterprise income tax at the rate of 25% on its global income. The EIT Implementation Rules define the term “de facto management bodies” as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. We do not believe we are a resident enterprise. However, it remains unclear how PRC tax authorities will determine the tax residency status of companies like us.

As of December 31, 2012 and before the completion of the Reorganization in May 2013, there were no non-PRC resident corporate investors for the PRC subsidiaries of our Group, therefore, no deferred income tax needs to be recognized for withholding tax on dividends payable to non-PRC resident corporate investors.

Upon the completion of the Reorganization in May 2013 and thereafter, there are non-PRC resident corporate investors (i.e. the intermediate holding companies in Hong Kong) for the PRC subsidiaries of the Group, therefore we will recognize deferred income tax on the unremitted distributable profits of those PRC subsidiaries attributable to the non-PRC resident corporate investors. However, in accordance with HKAS 12 – Income taxes paragraph 40 that “when a parent controls the dividend policy of its subsidiary, it is able to control the timing of the reversal of temporary differences associated with that investment and furthermore, it would often be impracticable to determine the amount of income taxes that would be payable when the temporary difference reverses, therefore the parent does not recognize a deferred tax liability when it has determined that those profits will not be distributed in the foreseeable future”, hence we will not provide deferred tax for the portion of unremitted distributable profits of the PRC subsidiaries which the directors of the Company determined not to be distributed in the foreseeable future.

### LAT

Under PRC laws and regulations, our subsidiaries in the PRC that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statements of income as income tax expense.

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## FINANCIAL INFORMATION

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### PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

*Six Months Ended June 30, 2013 Compared to Six Months Ended June 30, 2012*

#### Revenue

Our revenue increased by 14.3% from RMB1,073.8 million in the six months ended June 30, 2012 to RMB1,227.1 million in the six months ended June 30, 2013, primarily due to the increase in revenue derived from our property development business and property management services.

The table below sets forth a summary of revenues derived from each of our business:

	For the Six Months Ended June 30,			
	2012		2013	
	RMB'000	%	RMB'000	%
	(Unaudited)			
Revenue from sales of properties .....	1,048,105	97.6	1,197,729	97.6
Revenue from property management ...	19,161	1.8	24,318	2.0
Rental income.....	5,988	0.6	4,813	0.4
Others.....	591	0.0	237	0.0
<b>Total</b> .....	<b>1,073,845</b>	<b>100.0</b>	<b>1,227,097</b>	<b>100.0</b>

*Sales of Properties.* Revenue derived from sales of properties increased by 14.3% from RMB1,048.1 million in the six months ended June 30, 2012 to RMB1,197.7 million in the six months ended June 30, 2013, primarily due to the increase in the total GFA sold and delivered to our customers, which was partially offset by the decrease in the ASP of properties sold and delivered over the same period. Total GFA sold and delivered in the six months ended June 30, 2013 was approximately 140,484 sq.m., compared to 108,881 sq.m. in the six months ended June 30, 2012. The ASP in the six months ended June 30, 2013 was approximately RMB8,389 per sq.m., compared to approximately RMB9,571 per sq.m. in the six months ended June 30, 2012, primarily because a larger portion of the GFA sold and delivered in the six months ended June 30, 2012 were located in Shanghai where the ASP were generally higher than other cities. GFA sold and delivered in the six months ended June 30, 2012 that were located in Shanghai accounted for approximately 13.2% of total GFA sold and delivered in this period, compared to approximately 2.8% in the six months ended June 30, 2013.

## FINANCIAL INFORMATION

The table below sets forth the revenue recognized, the total GFA delivered and the ASP for each project in the six months ended June 30, 2012 and 2013:

	For the Six Months Ended June 30,							
	2012				2013			
	RMB'000 (Unaudited)	%	GFA sq.m.	ASP <sup>(1)</sup> RMB/ sq.m.	RMB'000	%	GFA sq.m.	ASP <sup>(1)</sup> RMB/ sq.m.
<b>Shanghai</b>								
Shanghai Jingrui Fair Town (上海景瑞·嘉城).....	168,437	16.1	8,329	20,222	56,242	4.7	2,654	21,191
Shanghai Jingrui Softshore City (上海景瑞·嶺域).....	93,843	9.0	6,020	15,588	21,588	1.8	1,302	16,579
<b>Jiangsu Province</b>								
Changzhou Jingrui Dawn City (常州景瑞·曦城).....	20,924	2.0	2,899	7,217	23,401	2.0	3,403	6,877
Changzhou Jingrui England County (常州景瑞·英郡) ....	31,088	3.0	3,017	10,305	16,396	1.4	1,556	10,536
Suzhou Jingrui Royal Bay (蘇州景瑞·榮御藍灣).....	37,413	3.6	4,612	8,113	364,850	30.5	34,303	10,636
Suzhou Jingrui Jade Bay (蘇州景瑞·翡翠灣).....	1,138	0.1	173	6,560	78,045	6.5	8,746	8,923
Taizhou Jingrui Royal Bay (泰州景瑞·翡翠灣).....	326,875	31.2	35,869	9,113	186,378	15.6	25,111	7,422
Nantong Jingrui Dignity Mansion (南通景瑞·望府) ..	-	-	-	-	113,659	9.5	14,946	7,605
<b>Zhejiang Province</b>								
Huzhou Jingrui Cin Cinnatti (湖州景瑞·西西那堤).....	28,795	2.7	2,451	11,750	24,467	2.0	3,550	6,892
<b>Tianjin</b>								
Tianjin Jingrui Sunny City (天津景瑞·陽光尚城).....	14,084	1.3	1,828	7,707	36,587	3.1	4,780	7,654
Tianjin Jingrui England County (天津景瑞·英郡).....	-	-	-	-	1,929	0.2	360	5,360
<b>Chongqing</b>								
Chongqing Jingrui Blue Vally (重慶景瑞·藍溪谷地).....	319,490	30.5	43,683	7,314	256,272	21.4	39,829	6,434
<b>Others<sup>(2)</sup></b> .....	-	-	-	-	(1,268)	(0.1)	(57)	22,417
	1,042,087	99.4	108,881	9,571	1,178,546	98.4	140,484	8,389
Car parks .....	6,018	0.6	96 <sup>(3)</sup>	-	19,183	1.6	400 <sup>(3)</sup>	-
<b>Total</b> .....	1,048,105	100.0	-	-	1,197,729	100.0	-	-

<sup>(1)</sup> Changes in ASP between the periods were primarily due to the mix in the type of properties sold.

<sup>(2)</sup> Represents certain units in properties returned to us by customers who failed to enter into final property purchase agreements.

<sup>(3)</sup> Represents the number of car parks sold.

*Property Management.* Revenue derived from our property management services increased by 26.9% from RMB19.2 million in the six months ended June 30, 2012 to RMB24.3 million in the six months ended June 30, 2013, primarily due to the increase in the number of property projects under management.

## FINANCIAL INFORMATION

*Rental income.* Rental income decreased by 19.6% from RMB6.0 million in the six months ended June 30, 2012 to RMB4.8 million in the six months ended June 30, 2013, primarily due to the decrease in the GFA leased by our tenants.

*Others.* Other revenue decreased by 59.9% from RMB0.6 million in the six months ended June 30, 2012 to RMB0.2 million in the six months ended June 30, 2013, primarily due to the decrease in the commission we received from our property agency services provided from time to time to properties developed by us and third parties.

### Cost of sales

Our cost of sales increased by 24.8% from RMB773.1 million in the six months ended June 30, 2012 to RMB965.1 million in the six months ended June 30, 2013, primarily due to the increase in our cost of properties. The table below sets forth the breakdown for our cost of properties in absolute amount and average per sq.m. sold for the six months ended June 30, 2012 and 2013:

	For the Six Months Ended June 30,			
	2012		2013	
	Amount	Average per sq.m. Sold	Amount	Average per sq.m. Sold
	RMB'000 (Unaudited)	RMB/sq.m.	RMB'000	RMB/sq.m.
Construction costs .....	486,311	4,466	569,300	4,052
Land use right costs .....	133,018	1,222	211,266	1,504
Capitalized interest.....	47,708	438	80,368	572
<b>Total cost of properties.....</b>	<b>667,037</b>	<b>6,126</b>	<b>860,934</b>	<b>6,128</b>

Increase in our cost of properties was primarily the result of increase in GFA sold from the six months ended June 30, 2012 to the six months ended June 30, 2013. Average cost per sq.m. sold remained relatively stable from the six months ended June 30, 2012 to the same period in 2013, because the increase in average land use right costs per sq.m. from the six months ended June 30, 2012 to the same period in 2013, which was primarily due to the decrease in the overall percentage of mid- to high-rise apartments delivered, which typically have lower average land use right costs per sq.m., from the six months ended June 30, 2012 to the same period in 2013, and the increase in average capitalized interest per sq.m. from the six months ended June 30, 2012 to the same period in 2013, which was primary due to the increases in the amount of borrowings and the average interest rate of such borrowings, were offset by a decrease in construction costs per sq.m. from the six months ended June 30, 2012 to the same period in 2013, which was primarily due to the change in the mix of properties sold during the periods.

### Gross profit and gross margin

As a result of the foregoing, our gross profit decreased by 12.9% from RMB300.8 million in the six months ended June 30, 2012 to RMB262.0 million in the six months ended June 30, 2013. Our gross margin decreased from 28.0% to 21.4% over the same period. The decrease was primarily due to the decrease in the ASP over the same period as a larger portion of the GFA delivered in the six months ended June 30, 2012 were located in Shanghai where the ASP were generally higher than other cities.

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## FINANCIAL INFORMATION

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### **Fair value gains on investment properties**

Our fair value gains on investment properties decreased from RMB9.0 million in the six months ended June 30, 2012 to RMB7.0 million in the six months ended June 30, 2013.

### **Selling and marketing costs**

Our selling and marketing costs increased by 8.6% from RMB60.8 million in the six months ended June 30, 2012 to RMB66.1 million in the six months ended June 30, 2013. The increase was primarily attributable to the increase in advertising and publicity costs as we increased promotional and advertising activities for our development projects in the six months ended June 30, 2013, which was partially offset by a decrease in sales commission.

### **Administrative expenses**

Our administrative expenses decreased by 3.7% from RMB75.2 million in the six months ended June 30, 2012 to RMB72.4 million in the six months ended June 30, 2013. This decrease was primarily due to the decrease in staff costs from the six months ended June 30, 2012 to the six months ended June 30, 2013.

### **Other income and other gains/(losses), net**

Other income decreased by 32.4% from RMB1.4 million in the six months ended June 30, 2012 to RMB0.9 million in the six months ended June 30, 2013. We recorded other gains, net of RMB3.9 million and RMB191.3 million in the six months ended June 30, 2012 and 2013, respectively. Other gains recorded in the six months ended June 30, 2013 were primarily due to the return of a parcel of land by us to the local government as a result of change in the zoning plan over such land by the local government and the net gain arising from the corresponding compensation provided by the local government to us and our loss of land costs and relocation costs incurred.

### **Finance income, net**

Our finance income increased by 24.3% from RMB12.0 million in the six months ended June 30, 2012 to RMB14.9 million in the six months ended June 30, 2013, primarily as a result of the interest income from loans provided to related parties. Our finance costs decreased by 63.1% from RMB6.6 million in the six months ended June 30, 2012 to RMB2.4 million in the six months ended June 30, 2013, primarily due to the increase of RMB45.6 million in interest capitalized, partially offset by the increase of RMB41.5 million in interest on our bank and other borrowings. As a result, our finance income, net increase from RMB5.4 million in the six months ended June 30, 2012 to RMB12.5 million in the six months ended June 30, 2013.

### **Profit before income tax**

As a result of the foregoing, our profit before income tax increased by 81.9% from RMB182.8 million in the six months ended June 30, 2012 to RMB332.5 million in the six months ended June 30, 2013.

### **Income tax expense**

Our income tax expense increased by 25.3% from RMB107.5 million in the six months ended June 30, 2012 to RMB134.7 million in the six months ended June 30, 2013, primarily due to a RMB26.4 million increase in income tax, partially offset by a RMB7.2 million decrease in LAT.

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### Profit for the period

As a result of the foregoing, our profit increased by 162.6% from RMB75.3 million in the six months ended June 30, 2012 to RMB197.7 million in the six months ended June 30, 2013 and profit margin increased from 7.0% to 16.1% over the same period.

### Profit for the period attributable to equity holders of the Company and non-controlling interests

Profit attributable to our equity holders increased by 98.8% from RMB53.7 million in the six months ended June 30, 2012 to RMB106.8 million in the six months ended June 30, 2013. Profit attributable to non-controlling interests increased by 321.3% from RMB21.6 million in the six months ended June 30, 2012 to RMB90.9 million in the six months ended June 30, 2013, which was primarily due to the resettlement compensation in the amount of approximately RMB190.6 million granted to Shanghai Huajiang, a subsidiary in which we own 40% of the equity interest, by a local government authority for our return of certain land parcels to the authority as part of the government's zoning plan.

### *Year Ended December 31, 2012 Compared to Year Ended December 31, 2011*

#### Revenue

Our revenue increased by 17.5% from RMB3,454.3 million in 2011 to RMB4,058.8 million in 2012, primarily due to the increase in revenue derived from our property development business and property management services.

The table below sets forth a summary of revenues derived from each of our businesses:

	For the Year Ended December 31,			
	2011		2012	
	RMB'000	%	RMB'000	%
Revenue from sales of properties .....	3,403,289	98.5	3,995,539	98.4
Revenue from property management ...	36,681	1.1	48,622	1.2
Rental income.....	11,598	0.3	12,371	0.3
Others.....	2,773	0.1	2,316	0.1
<b>Total.....</b>	<u>3,454,341</u>	<u>100.0</u>	<u>4,058,848</u>	<u>100.0</u>

*Sales of Properties.* Revenue derived from sales of properties increased by 17.4% from RMB3,403.3 million in 2011 to RMB3,995.5 million in 2012, primarily due to the increase in the total GFA sold and delivered to our customers, which was partially offset by the decrease in the ASP of properties sold and delivered from 2011 to 2012. Total GFA sold and delivered in 2012 was approximately 456,612 sq.m., compared to 364,152 sq.m. in 2011. The ASP in 2012 was approximately RMB8,666 per sq.m., compared to approximately RMB9,206 per sq.m. in 2011, primarily because a larger portion of the GFA sold and delivered in 2011 were located in Shanghai where the ASP were usually higher than other cities and, to a lesser extent, more GFA sold and delivered in 2011 were townhouses and houses as compared to 2012, which usually had higher ASP as compared to mid- to high-rise apartments which constituted a higher portion of GFA sold and delivered in 2012.

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The table below sets forth the revenue recognized, the total GFA sold and delivered and the ASP for each project in 2011 and 2012:

	For the Year Ended December 31,							
	2011				2012			
	RMB'000	%	GFA sq.m.	ASP <sup>(1)</sup> RMB/ sq.m.	RMB'000	%	GFA sq.m.	ASP <sup>(1)</sup> RMB/ sq.m.
<b>Shanghai</b>								
Shanghai Jingrui Life Square (上海景瑞·生活廣場) .....	35,872	1.1	2,214	16,200	-	-	-	-
Shanghai Jingrui Fair Town (上海景瑞·嘉城) .....	933,484	27.4	50,852	18,357	333,370	8.3	17,170	19,416
Shanghai Jingrui Softshore City (上海景瑞·嶺域) .....	245,677	7.2	14,576	16,855	341,654	8.6	21,444	15,932
<b>Jiangsu Province</b>								
Taizhou Jingrui Royal Bay (泰州景瑞·榮御藍灣) .....	-	-	-	-	525,600	13.2	62,669	8,387
Nantong Jingrui Dignity Mansion (南通景瑞·望府) ..	-	-	-	-	634,685	15.9	76,125	8,337
Changzhou Jingrui Dawn City (常州景瑞·曦城) .....	584,093	17.2	109,812	5,319	17,669	0.4	1,505	11,740
Changzhou Jingrui England County (常州景瑞·英郡) ...	197,869	5.8	15,461	12,798	92,096	2.3	8,520	10,809
Suzhou Jingrui Royal Bay (蘇州景瑞·榮御藍灣)	510,325	15.0	65,944	7,739	762,167	19.1	94,474	8,067
Suzhou Jingrui Jade Bay (蘇州 景瑞·翡翠灣) .....	243,360	7.2	27,413	8,878	213,678	5.3	25,220	8,473
<b>Zhejiang Province</b>								
Huzhou Jingrui Cin Cinnatti (湖州景瑞·西西那堤)	111,722	3.3	8,549	13,069	346,744	8.7	51,028	6,795
Zhoushan Jingrui HOPSCA (舟山景瑞·豪布斯卡) .....	26,693	0.8	2,489	10,724	-	-	-	-
<b>Tianjin</b>								
Tianjin Jingrui Sunny City (天津景瑞·陽光尚城) .....	288,763	8.5	41,137	7,020	164,005	4.1	21,171	7,747
Tianjin Jingrui England County (天津景瑞·英郡) .....	-	-	-	-	141,746	3.5	25,506	5,557
<b>Chongqing</b>								
Chongqing Jingrui Blue Vally (重慶景瑞·藍溪谷地) .....	174,507	5.1	25,705	6,789	382,147	9.6	51,724	7,388
<b>Others<sup>(2)</sup></b> .....	-	-	-	-	1,280	0.0	57	22,615
	<u>3,352,365</u>	<u>98.5</u>	<u>364,152</u>	<u>9,206</u>	<u>3,956,841</u>	<u>99.0</u>	<u>456,612</u>	<u>8,666</u>
Car parks .....	50,924	1.5	781 <sup>(3)</sup>	-	38,698	1.0	506 <sup>(3)</sup>	-
<b>Total</b> .....	<u><u>3,403,289</u></u>	<u><u>100.0</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>3,995,539</u></u>	<u><u>100.0</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

<sup>(1)</sup> Changes in ASP between the periods were primarily due to the mix in the type of properties sold.

<sup>(2)</sup> Represents certain units in properties that were completed prior to the Track Record Period.

<sup>(3)</sup> Represents the number of car parks sold.



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*Property Management.* Revenue derived from our property management services increased by 32.4% from RMB36.7 million in 2011 to RMB48.6 million in 2012, primarily due to the increase in the number of property projects under management.

*Rental income.* Rental income increased by 6.9% from RMB11.6 million in 2011 to RMB12.4 million in 2012.

*Others.* Other revenue primarily represents the commission we received from our property agency services provided from time to time to properties developed by us and third parties. Other revenue decreased by 17.9% from RMB2.8 million in 2011 to RMB2.3 million in 2012.

### Cost of sales

Our cost of sales increased by 33.8% from RMB2,362.9 million in 2011 to RMB3,160.8 million in 2012, primarily due to the increase in our cost of properties. The table below sets forth the breakdown for our cost of properties in absolute amount and average per sq.m. sold for 2011 and 2012:

	2011		2012	
	Amount	Average per sq.m. Sold	Amount	Average per sq.m. Sold
	RMB'000	RMB/sq.m.	RMB'000	RMB/sq.m.
Construction costs .....	1,495,314	4,106	1,889,317	4,138
Land use right costs .....	533,553	1,465	721,665	1,580
Capitalized interest .....	87,367	240	255,153	559
Total cost of properties.....	2,116,234	5,811	2,866,135	6,277

Increase in our cost of properties was primarily the result of increase in GFA sold from 2011 to 2012. Increase in average cost per sq.m. sold was primarily the increase in capitalized interest as a result of higher interest rate in 2012 and increase in land cost per sq.m. from 2011 to 2012 as a result of generally higher land use right costs for the properties sold in 2012.

### Gross profit and gross margin

As a result of the foregoing, our gross profit decreased by 17.7% from RMB1,091.4 million in 2011 to RMB898.0 million in 2012. Our gross margin decreased from 31.6% in 2011 to 22.1% in 2012. The decrease was primarily due to (i) the increase in cost of sales which outpaced the increase in revenue from 2011 to 2012, resulting from the increase in average land use rights cost per sq.m. from 2011 to 2012 and the higher interest rate resulting in an increase in capitalized interest from 2011 to 2012 and (ii) a lower percentage of revenue derived from the sale of mid- to high-rise apartments, which have lower gross margin, as compared to houses and townhouses, in 2011 as compared to 2012.

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### **Fair value gains on investment properties**

Our fair value gains on investment properties increased from RMB8.0 million in 2011 to RMB24.0 million in 2012. Change in fair value was primarily due to increase in the comparable market value of rent.

### **Selling and marketing costs**

Our selling and marketing costs decreased by 12.5% from RMB190.3 million in 2011 to RMB166.6 million in 2012. The decrease was primarily attributable to a decrease of RMB41.0 million in advertising and publicity costs from 2011 to 2012 as we engaged increased promotional and advertising activities in 2011 in response to the depressive market environment and also as a result of the higher pre-sale activities launched in 2011 as compared to 2012, this was partially offset by an increase of RMB20.5 million in sales commission.

### **Administrative expenses**

Our administrative expenses decreased slightly by 1.7% from RMB153.8 million in 2011 to RMB151.2 million in 2012. This decrease was primarily due to a decrease in general office expenses, which was partially offset by an increase in staff costs from 2011 to 2012.

### **Other income and other gains/(losses), net**

Other income increased by 76.5% from RMB1.7 million in 2011 to RMB3.0 million in 2012. We incurred other losses, net of RMB6.9 million and RMB21.8 million in 2011 and 2012, respectively. The increase in other losses, net from 2011 to 2012 was primarily due to a one-time provision for land use rights of Shanghai Garden City in the amount of RMB23.4 million. Please refer to “Business — Legal Proceedings” for more details.

### **Finance income, net**

Our finance income increased by 89.9% from RMB15.9 million in 2011 to RMB30.2 million in 2012, as a result of the increase in interest income on bank deposits. Our finance costs increased by 9.0% from RMB11.1 million in 2011 to RMB12.1 million in 2012, primarily due to the increase of RMB76.6 million in interest on our bank and other borrowings, partially offset by an increase of RMB75.6 in interest capitalized. As a result, our net finance income increase from RMB4.8 million in 2011 to RMB18.2 million in 2012.

### **Share of results of jointly controlled entities**

We hold 40% and 51% equity interest in Shanghai Jingxiu and Changzhou Jingshang, respectively. We realized a share of profit of Shanghai Jingxiu of RMB2.0 million in 2012, which was partially offset by the share of loss incurred by Changzhou Jingshang. We recorded a share of losses of jointly controlled entities of RMB2.0 million in 2011, primarily due to the loss incurred by Changzhou Jingshang.

### **Profit before income tax**

As a result of the foregoing, our profit before income tax decreased by 19.6% from RMB753.0 million in 2011 to RMB605.7 million in 2012.

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### Income tax expense

Our income tax expense decreased by 31.4% from RMB384.9 million in 2011 to RMB264.2 million in 2012, primarily due to a RMB137.5 million decrease in LAT and a RMB85.3 million decrease in PRC corporate income tax, partially offset by an increase in deferred income tax of RMB102.1 million credited in 2012.

### Profit for the year

As a result of the foregoing, our profit decreased by 7.2% from RMB368.1 million in 2011 to RMB341.5 million in 2012 and profit margin decreased from 10.7% in 2011 to 8.4% in 2012.

### Profit for the year attributable to equity holders of the Company and non-controlling interests

Profit attributable to our equity holders increased by 69.5% from RMB160.3 million in 2011 to RMB271.7 million in 2012. Profit attributable to non-controlling interests decreased by 66.4% from RMB207.9 million in 2011 to RMB69.8 million in 2012, which was primarily due to a decrease in profit attributable to non-controlling interests of Shanghai Huajiang, a subsidiary in which we own 40% of the equity interests.

### *Year Ended December 31, 2011 Compared to Year Ended December 31, 2010*

#### Revenue

Our revenue increased by 36.4% from RMB2,532.4 million in 2010 to RMB3,454.3 million in 2011, primarily due to the increase in revenue derived from our property development business and property management services.

The table below sets forth a summary of revenues derived from each of our businesses:

	For the Year Ended December 31,			
	2010		2011	
	RMB'000	%	RMB'000	%
Revenue from sales of properties .....	2,490,782	98.4	3,403,289	98.5
Revenue from property management ...	25,941	1.0	36,681	1.1
Rental income.....	10,414	0.4	11,598	0.3
Others.....	5,263	0.2	2,773	0.1
<b>Total.....</b>	<b>2,532,400</b>	<b>100.0</b>	<b>3,454,341</b>	<b>100.0</b>

*Sales of Properties.* Revenue derived from sales of properties increased by 36.6% from RMB2,490.8 million in 2010 to RMB3,403.3 million in 2011, primarily due to the increase in the total GFA sold and delivered to our customers, which was partially offset by the decrease in the ASP of properties sold and delivered from 2010 to 2011. Total GFA sold and delivered in 2011 was approximately 364,152 sq.m., compared to 228,319 sq.m. in 2010. The ASP in 2011 was approximately RMB9,206 per sq.m., compared

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to approximately RMB10,842 per sq.m. in 2010, primarily because there were a lower portion of mid- to high-rise apartments sold and delivered, which have lower ASP, in 2010 as compared to 2011 and that the larger portion of GFA sold and delivered in 2010 were located in Shanghai where the ASP were usually higher than other cities.

The table below sets forth the revenue recognized, the total GFA sold and delivered and the ASP for each project in 2010 and 2011:

	For the Year Ended December 31,							
	2010				2011			
	RMB'000	%	GFA sq.m.	ASP <sup>(1)</sup> RMB/ sq.m.	RMB'000	%	GFA sq.m.	ASP <sup>(1)</sup> RMB/ sq.m.
<b>Shanghai</b>								
Shanghai Jingrui Fair Town (上海景瑞·嘉城) .....	674,809	27.1	37,445	18,021	933,484	27.4	50,852	18,357
Shanghai Jingrui Softshore City (上海景瑞·嶺域) .....	586,365	23.5	39,217	14,952	245,677	7.2	14,576	16,855
Shanghai Jingrui Life Square (上海景瑞·生活廣場) .....	-	-	-	-	35,872	1.1	2,214	16,200
<b>Jiangsu Province</b>								
Changzhou Jingrui Dawn City (常州景瑞·曦城) .....	23,595	0.9	3,324	7,098	584,093	17.2	109,812	5,319
Changzhou Jingrui England County (常州景瑞·英郡) ...	-	-	-	-	197,869	5.8	15,461	12,798
Suzhou Jingrui Royal Bay (蘇州景瑞·榮御藍灣)	427,755	17.2	40,188	10,644	510,325	15.0	65,944	7,739
Suzhou Jingrui Jade Bay (蘇州景瑞·翡翠灣) .....	-	-	-	-	243,360	7.2	27,413	8,878
<b>Zhejiang Province</b>								
Huzhou Jingrui Cin Cinnatti (湖州景瑞·西西那堤) .....	105,585	4.2	8,140	12,970	111,722	3.3	8,549	13,069
Zhoushan Jingrui HOPSCA (舟山景瑞·豪布斯卡) .....	151,734	6.1	18,115	8,376	26,693	0.8	2,489	10,724
<b>Tianjin</b>								
Tianjin Jingrui Sunny City (天津景瑞·陽光尚城) .....	326,855	13.1	53,812	6,074	288,763	8.5	41,137	7,020
<b>Chongqing</b>								
Chongqing Jingrui Blue Vally (重慶景瑞·藍溪谷地) .....	173,887	7.0	27,899	6,233	174,507	5.0	25,705	6,789
<b>Others<sup>(2)</sup></b> .....	4,771	0.3	177	27,000	-	-	-	-
	2,475,356	99.4	228,319	10,842	3,352,365	98.5	364,152	9,206
Car parks .....	15,426	0.6	237 <sup>(3)</sup>	-	50,924	1.5	781 <sup>(3)</sup>	-
<b>Total</b> .....	2,490,782	100.0	-	-	3,403,289	100.0	-	-

<sup>(1)</sup> Changes in ASP between the periods were primarily due to the mix in the type of properties sold.

<sup>(2)</sup> Represents certain units in properties that were completed prior to the Track Record Period.

<sup>(3)</sup> Represents the number of car parks sold.

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*Property Management.* Revenue derived from our property management services increased by 41.7% from RMB25.9 million in 2010 to RMB36.7 million 2011, primarily due to the increase in the number of property projects under management.

*Rental income.* Rental income increased by 11.5% from RMB10.4 million in 2010 to RMB11.6 million in 2011.

*Others.* Other revenue primarily represents the commission we received from our property agency services provided from time to time to properties developed by us and third parties. Other revenue decreased by 47.2% from RMB5.3 million in 2010 to RMB2.8 million in 2011.

### Cost of sales

Our cost of sales increased by 49.1% from RMB1,584.7 million in 2010 to RMB2,362.9 million in 2011. Cost of sales increased primarily due to increase in our cost of properties. The table below sets forth the breakdown for our cost of properties in absolute amount and average per sq.m. sold for 2010 and 2011:

	2010		2011	
	Amount	Average per sq.m. Sold	Amount	Average per sq.m. Sold
	RMB'000	RMB/sq.m.	RMB'000	RMB/sq.m.
Construction costs .....	883,931	3,871	1,495,314	4,106
Land use right costs .....	464,179	2,033	533,553	1,465
Capitalized interest .....	64,600	283	87,367	240
Total cost of properties.....	<u>1,412,710</u>	<u>6,187</u>	<u>2,116,234</u>	<u>5,811</u>

Increase in our cost of properties was primarily the result of increase in GFA sold from 2010 to 2011. However, cost of properties per sq.m. decreased from 2010 to 2011, which was primarily due to a higher portion of properties sold in Shanghai in 2010 as compared to 2011, which generally had higher overall land use rights cost per sq.m. as compared to projects in other cities, which was partially offset by an increase in construction cost per sq.m. from 2010 to 2011 as a result of increasing construction material and labor costs from 2010 to 2011.

### Gross profit and gross margin

As a result of the foregoing, our gross profit increased by 15.2% from RMB947.7 million in 2010 to RMB1,091.4 million in 2011. Our gross margin decreased from 37.4% in 2010 to 31.6% in 2011. The decrease was primarily due to (i) an increasing construction material and labor costs from 2010 to 2011, and (ii) a lower percentage of revenue derived from the sale of mid- to high-rise apartments, which have lower margin, as compared to houses and townhouses, in 2010 as compared to 2011.

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### **Fair value gains on investment properties**

Our fair value gains on investment properties increased from RMB4.0 million in 2010 to RMB8.0 million in 2011. Change in fair value was primarily due to increase in the comparable market value of rent.

### **Selling and marketing costs**

Our selling and marketing costs increased by 42.1% from RMB133.9 million in 2010 to RMB190.3 million in 2011. The increase was primarily attributable to an increase of RMB35.8 million in advertising and publicity costs from 2010 to 2011 as we engaged significant promotional and advertising activities in 2011 in response to the depressive market environment and also as a result of the number of properties that were pre-sold in 2011 as compared to 2010, and to a lesser extent, to an increase of RMB8.9 million in sales commission.

### **Administrative expenses**

Our administrative expenses increased by 10.6% from RMB139.1 million in 2010 to RMB153.8 million in 2011. This increase was primarily due to an increase in general office expenses.

### **Other income and other losses, net**

Other income decreased by 19.0% from RMB2.1 million in 2010 to RMB1.7 million in 2011. Our other losses, net decreased from RMB9.3 million in 2010 to RMB6.9 million in 2011.

### **Finance (costs)/income, net**

Our finance income increased by 78.7% from RMB8.9 million in 2010 to RMB15.9 million in 2011 as a result of the increase in interest income on bank deposits. Our finance costs decreased by 35.5% from RMB17.2 million in 2010 to RMB11.1 million in 2011, primarily due to the increase of RMB145.9 million in interest capitalized, which was partially offset by an increase of RMB139.8 million in interest on our bank and other borrowings from 2010 to 2011. As a result, our net finance income was RMB4.8 million in 2011, as compared to net finance costs of RMB8.3 million in 2010.

### **Share of results of jointly controlled entities**

We recorded a share of losses of jointly controlled entities of RMB2.0 million in 2011, primarily due to the loss incurred by Changzhou Jingshang. In 2010, we recorded a share of profit of jointly controlled entities of RMB34.3 million, resulting from the profit earned by Shanghai Jingxiu.

### **Profit before income tax**

As a result of the foregoing, our profit before income tax increased by 7.9% from RMB697.6 million in 2010 to RMB753.0 million in 2011.

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### **Income tax expense**

Our income tax expense increased by 6.8% from RMB360.4 million in 2010 to RMB384.9 million in 2011, primarily due to a RMB72.7 million increase in deferred income tax, which was partially offset by a decrease of RMB40.7 million in PRC corporate income tax.

### **Profit for the year**

As a result of the foregoing, our profit increased by 9.2% from RMB337.2 million in 2010 to RMB368.1 million in 2011 and profit margin decreased from 13.3% in 2010 to 10.6% in 2011.

### **Profit for the year attributable to equity holders of the Company and non-controlling interests**

Profit attributable to our equity holders of the Company decreased by 17.7% from RMB194.8 million in 2010 to RMB160.3 million in 2011. Such decrease was primarily due to the decrease in the proportion of our total profit that was derived from Shanghai Huajiang, a subsidiary in which we own 40% of the equity interest. Profit attributable to non-controlling interests decreased by 46.0% to RMB142.4 million in 2010 to RMB207.9 million in 2011.

## **CERTAIN BALANCE SHEETS ITEMS**

### ***Trade and Other Receivables and Prepayments***

Our trade receivables primarily consist of amounts due from our customers. Trade and other receivables also include (i) prepaid taxes and surcharges levied on advances from our customers before the relevant revenue is recognized, (ii) tender deposits for bidding of land use rights, (iii) amounts due from non-controlling interests of a subsidiary, (iv) deposit paid for construction and (v) prepayments for construction costs.

Trade and other receivables and prepayments increased from RMB874.7 million as at December 31, 2012 to RMB942.1 million as at June 30, 2013, primarily due to (i) an increase in receivable for compensation from a local government in the amount of RMB151.0 million, which represents the compensation provided by a local government for the return of certain land parcels to such local government as part of the government's re-zoning plan, (ii) a RMB30.0 million increase in amounts due from non-controlling interests of a subsidiary, which represent interest free advance to the non-controlling interests of Shanghai Huajiang, (iii) a RMB60.7 million increase in prepaid business tax and surcharges, which was in line with our expanding business operation, and (iv) an increase in the deposits paid in connection with the acquisition of 80% equity interest in Shanghai Fengxiang in the amount of RMB50.0 million, partially offset by a RMB205.1 million decrease in tender deposits for biddings of land use rights.

Trade and other receivables and prepayments decreased from RMB1,823.8 million as at December 31, 2011 to RMB874.7 million as at December 31, 2012, primarily due to (i) a RMB911.8 million decrease in tender deposits for bidding of land use rights, (ii) a RMB120.0 million decrease in amounts due from non-controlling interests of a subsidiary, which represent interest free advance to the non-controlling interests of Shanghai Huajiang and (iii) a RMB37.6 million decrease in amounts due from related parties, which represent interest free advance to Changzhou Jingshang.

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Trade and other receivables and prepayments increased from RMB780.0 million as at December 31, 2010 to RMB1,823.8 million as at December 31, 2011, primarily due to (i) a RMB741.9 million increase in tender deposits for bidding of land use rights, (ii) a RMB169.7 million increase in amounts due from related parties, which represent interest free advance to Changzhou Jingshang and (iii) a RMB150.0 million increase in amounts due from non-controlling interests of a subsidiary, which represent interest free advance to the non-controlling interests of Shanghai Huajiang.

The table below sets forth our trade and other receivables and prepayments as at the dates indicated:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	RMB'000			
Trade receivables.....	11,015	5,914	12,670	2,044
Notes receivable .....	–	–	2,752	470
Trade receivables – subtotal .....	11,015	5,914	15,422	2,514
Less: Provision for impairment of receivables .....	(694)	(936)	(164)	(188)
Trade receivables – net .....	10,321	4,978	15,258	2,326
Amounts due from related parties .....	3,270	172,997	210,572	223,917
Prepaid business tax and surcharges...	116,744	138,497	154,201	214,883
Receivable for compensation from a local government <sup>(1)</sup> .....	–	–	–	151,036
Deposits paid in connection with the acquisition of a subsidiary <sup>(2)</sup> .....	–	–	–	50,000
Tender deposits.....	390,600	1,132,530	220,730	15,600
Deposit with public housing fund centers.....	4,188	14,336	22,693	21,646
Prepayments for construction costs <sup>(3)</sup> .....	481	3,140	9,970	4,497
Temporary funding receivables <sup>(4)</sup> .....	161,572	108,836	105,763	91,507
Deposits paid for construction work <sup>(5)</sup> .....	57,794	69,668	84,296	75,974
Amounts due from non-controlling interests of a subsidiary .....	60,000	210,000	90,000	120,000
Deferred initial public offering fees <sup>(6)</sup> ..	–	–	–	4,142
Others.....	5,577	6,024	5,982	10,923
Less: Provision for impairment of other receivables <sup>(7)</sup> .....	(30,565)	(37,224)	(44,763)	(44,379)
	<b><u>779,982</u></b>	<b><u>1,823,782</u></b>	<b><u>874,702</u></b>	<b><u>942,072</u></b>

*Notes:*

- (1) Represented compensation granted, but not yet received, by a local government to us for the return of certain land to such local government as part of the government's re-zoning plan.
- (2) Represented the deposit paid for the acquisition of 80% equity interest in Shanghai Fengxiang.
- (3) Represented the prepayments for construction costs to the construction suppliers by us.



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- (4) Primarily included the construction costs of a park adjacent to one of our project in Huzhou. We constructed the park on behalf of the Management Committee of Economic Development Zone of Huzhou as part of our obligations under the relevant land grant contract. The construction costs will be reimbursed by the Management Committee of Economic Development Zone of Huzhou based on the completion of construction milestones as agreed by both parties. Temporary funding receivables in 2010 also included the RMB60.0 million advanced by Shanghai Huajiang to an affiliate company of one of its non-controlling interests, Shanghai South Real Estate Co., Ltd., as a temporary funding in 2010 for a short period of two months, which was subsequently returned to Shanghai Huajiang in early 2011. The remaining balances primarily represented the amounts which we paid on behalf of construction contractors for utilities and paid on behalf of customers for certain expenses such as deed tax and maintenance fees.
- (5) Represented the deposits paid by us to relevant government authorities as guarantee deposits to obtain the relevant permit for construction.
- (6) Represented the legal and other professional fees incurred relating to this Global Offering.
- (7) Represented (i) provision of RMB26.0 million provided by us in 2009 on the balance due from local government for the reimbursable construction costs of a park adjacent to one of our projects which we constructed on behalf of the local government, which was made based on our management's best estimate as to the recoverable amount from the local government according to the preliminary construction costs audit result performed by a third party construction costs consulting firm engaged by the local government; and (ii) remaining provision primarily providing for other miscellaneous long aged and doubtful other receivable balances, such as for deposits.

The table below sets forth the aging analysis of our trade receivables as at the dates indicated:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	<b>RMB'000</b>			
Less than 1 year .....	8,868	4,344	14,428	980
Between 1 and 2 years .....	1,122	133	633	630
Between 2 and 3 years .....	553	544	72	562
Over 3 years .....	472	893	289	342
	<b>11,015</b>	<b>5,914</b>	<b>15,422</b>	<b>2,514</b>

As at December 31, 2010, 2011 and 2012 and June 30, 2013, trade receivables past due but not impaired were RMB7.3 million, RMB4.3 million, RMB9.8 million and RMB0.6 million, respectively. These overdue amounts were due from a few independent customers.

As at August 31, 2013, approximately RMB0.6 million, or approximately 25.2%, of the trade receivables as at June 30, 2013, was collected by us.

We expect to settle all the outstanding amounts due from related parties and amounts due from non-controlling interests of a subsidiary prior to the Listing, except for the advances from Jingrui Properties (Group) to Changzhou Jingshang, our jointly controlled entity. The advances from Jingrui Properties (Group) to Changzhou Jingshang were in the amount of RMB220.0 million as at June 30, 2013. Such advances were extended subject to the commitment made by us in a memorandum in connection with the incorporation of Changzhou Jingshang and are intended for Changzhou Jingshang's operational purposes in certain property development which is under construction, and will not be settled prior to the Listing.

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### *Trade and Other Payables*

Our trade and other payables primarily consist of (i) trade and notes payables, (ii) amounts due to non-controlling interests of subsidiaries, (iii) business and other taxes payable, (iv) deposits received from customers and (v) construction deposits received from suppliers.

Trade and other payables increased from 1,535.2 million as at December 31, 2012 to RMB1,705.5 million as at June 30, 2013, primarily due to (i) a RMB62.9 million increase in interest payable as a result of the increase in our bank loans and trust financing loans, (ii) a RMB10.0 million increase in accrued initial public offering fee, (iii) a RMB6.0 million increase in business and other taxes payable, which was in line with our expanding business operation, partially offset by a decrease of RMB37.9 million in trade and notes payables, primarily in connection with our property construction.

Trade and other payables decreased from RMB1,754.1 million as at December 31, 2011 to RMB1,535.2 million as at December 31, 2012, primarily due to (i) a RMB166.5 million decrease in trade and notes payable, primarily in connection with our property construction, (ii) a RMB18.8 million decrease in business and other taxes payable, and (iii) an increase in a one-time temporary funding payable of RMB31.6 million recorded in 2011 from a local government which was subsequently returned to the local government in 2012, which was partially offset by (i) a RMB10.0 million increase in interest payable, and (ii) a RMB10.0 million of deposits received by Jingrui Properties (Group) in 2012 in connection with our disposal of 100% equity interest in Shanghai Garden City.

Trade and other payables decreased from RMB1,778.2 million as at December 31, 2010 to RMB1,754.1 million as at December 31, 2011, primarily due to (i) a RMB39.4 million decrease in trade and notes payables, primarily in connection with our property construction, (ii) a RMB46.8 million decrease in amounts due to non-controlling interests of subsidiaries and (iii) a RMB12.0 million decrease in business and other taxes payable.

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The table below sets forth our trade and other payables as at the dates indicated:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	<b>RMB'000</b>			
Trade payables.....	1,058,681	950,707	1,011,855	999,918
Notes payable.....	249,052	317,628	90,000	64,000
Amounts due to non-controlling interests of subsidiaries.....	236,800	190,000	190,000	190,000
Amounts due to related parties.....	30,800	34,400	16,875	122,870
Business and other taxes payable .....	88,819	76,783	57,961	63,963
Maintenance and decoration fees collected <sup>(1)</sup> .....	1,740	5,359	4,310	4,620
Electricity fee and cleaning fee collected <sup>(2)</sup> .....	6,232	10,707	16,903	12,140
Deed tax collected on behalf <sup>(3)</sup> .....	2,225	17,001	12,608	14,143
Accrued payroll .....	17,606	16,752	14,480	11,279
Interest payable .....	5,706	8,605	18,643	81,509
Construction deposits received from suppliers.....	24,131	21,239	19,004	20,716
Temporary funding payable <sup>(4)</sup> .....	–	31,623	–	–
Deposits received from customers <sup>(5)</sup> ..	16,525	32,360	26,414	34,384
Deposit received in connection with the disposal of a subsidiary .....	–	–	10,000	10,000
Accrued initial public offering fees...	–	–	–	9,979
Others.....	39,914	40,958	46,169	65,958
	<u>1,778,231</u>	<u>1,754,122</u>	<u>1,535,222</u>	<u>1,705,479</u>

*Notes:*

- (1) We collect maintenance and decoration fees from certain of our customers that are then paid to relevant local government authorities in respective cities on behalf of such customers as required by local regulations.
- (2) Shanghai Jingrui Property Management collects electricity fee and cleaning fee from certain customers from time to time which are then paid to respective third party service providers on behalf of such customers.
- (3) We collect deed taxes from certain of our customers which are then paid to the relevant local tax bureau on behalf of such customers to help them obtain property title.
- (4) Temporary funding payable represented the tender deposit returned to us by a department of the local government in 2011 that did not have the authority to return such deposit. Such tender deposit was subsequently returned by us to another department of the local government that does have the relevant authority pursuant to the local government's instruction in June 2012, which was then subsequently returned to us by such other department within the same month.
- (5) Deposits received from customers represented the deposits paid by our customers before signing purchase contracts with us as earnest money, which will be treated as part of the purchase proceeds and accordingly transferred from "other receivables" to "advanced proceeds received from customers" upon such customers' signing of purchase contracts with us.

As at August 31, 2013, we had paid approximately RMB239.4 million, or approximately 22.5%, of the trade payables as at June 30, 2013.

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We expect to settle all the outstanding amounts due to related parties prior to the Listing by utilizing the proceeds generated from the sales and pre-sales of our properties. However, the RMB190.0 million due to non-controlling interests of subsidiaries, which represents the outstanding advances from Taicang Jingshang's non-controlling interests to Taicang Jingshang as at June 30, 2013 for its general corporate and working capital purposes, will not be settled prior to the Listing.

### *Advanced Proceeds Received from Customers*

We start the sales of our properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advanced proceeds received from customers before the relevant sales are recognized as revenue. Advances from pre-sales of properties are non-interest-bearing. As at December 31, 2010, 2011 and 2012 and June 30, 2013, the balance of advanced proceeds received from customers amounted to RMB2,124.1 million, RMB2,470.0 million, RMB2,765.4 million and RMB3,782.9 million, respectively.

During the period from July 1, 2013 to August 31, 2013, approximately 4.3% of the advanced proceeds as at June 30, 2013 were recognized as revenue since the relevant properties were delivered to the customers.

### *Properties Held or Under Development for Sale*

We had properties held or under development for sale of RMB5,926.4 million, RMB6,282.0 million, RMB7,901.8 million and RMB9,298.6 million as at December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. Our properties held or under development for sale increased steadily during the Track Record Period, primarily due to the increase in our land reserves and our property development activities over the same periods. Borrowing costs capitalized in connection with properties under development for sale were RMB116.9 million, RMB262.9 million and RMB338.5 million for the years ended December 31, 2010, 2011 and 2012, respectively. The capitalization rates of such borrowings were 7.28%, 7.96% and 9.84% over the same periods. Borrowing costs capitalized was RMB230.8 million for the six months ended June 30, 2013 and the capitalization rate of such borrowing was 10.90%, primarily due to the increase in the amount of borrowings in connection with the growth of our business over the period.

The following table sets forth the aggregate GFA under development and GFA held for sale and their respective carrying value as at the dates indicated:

	As at December 31,						As at June 30,	
	2010		2011		2012		2013	
	GFA	Carrying Value	GFA	Carrying Value	GFA	Carrying Value	GFA	Carrying Value
	sq.m.	RMB'000	sq.m.	RMB'000	sq.m.	RMB'000	sq.m.	RMB'000
Properties held for sale ....	145,556	990,506	126,724	886,134	191,345	1,271,580	249,067	1,051,174
Properties under development for sale....	2,792,821	4,935,883	2,939,316	5,395,908	2,555,232	6,630,209	1,569,502	8,247,439

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### *Investment Properties*

As at June 30, 2013, we had investment properties for rental in one of our projects, namely Shanghai Jingrui Life Square, and the assessed fair value of which was RMB274.0 million, RMB282.0 million, RMB306.0 million and RMB313.0 million as at December 31, 2010, 2011 and 2012 and June 30, 2013, respectively. The value our investment properties increased during the Track Record Period, primarily due to an increase in the fair value of these investment properties as a result of the increase in the comparable market value of rent.

### LIQUIDITY AND CAPITAL RESOURCES

#### *Source of Liquidity*

We operated in a capital-intensive industry and during the Track Record Period, we have financed our working capital, capital expenditure and other capital requirements primarily through borrowings from commercial banks and trust financing providers and proceeds from sales and pre-sales of our properties. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

As at December 31, 2010, 2011 and 2012 and June 30, 2013, we had cash and cash equivalents of RMB1,530.4 million, RMB863.4 million, RMB674.0 million and RMB981.1 million, respectively, which primarily consisted of cash at bank and on hand.

#### *Net Current Assets*

As at June 30, 2013, we had net current assets of RMB4,108.0 million, consisting of RMB12,051.2 million of current assets and RMB7,943.2 million of current liabilities. As at December 31, 2012, we had net current assets of RMB3,325.1 million, consisting of RMB10,322.0 million of current assets and RMB6,996.9 million of current liabilities. As at December 31, 2011, we had net current assets of RMB3,065.5 million, consisting of RMB10,137.6 million of current assets and RMB7,072.1 million of current liabilities. As at December 31, 2010, we had net current assets of RMB2,901.3 million, consisting of RMB8,724.6 million of current assets and RMB5,823.4 million of current liabilities. The RMB782.9 million increase in the net current assets from December 31, 2012 to June 30, 2013 was primarily due to a RMB1,396.8 million increase in properties held or under development for sale, a RMB307.1 million increase in cash and cash equivalents and a RMB225.8 million decrease in current borrowings, partially offset by a RMB1,017.4 million increase in advanced proceeds received from customers. The RMB259.7 million increase in the net current assets from 2011 to 2012 was primarily due to a RMB1,619.7 million increase in properties held or under development for sale, partially offset by a RMB949.1 million decrease in trade and other receivables and prepayments. The RMB164.2 million increase in the net current assets from 2010 to 2011 was primarily due to a RMB1,043.8 million increase in trade and other receivables and prepayments and a RMB657.3 million increase in restricted cash, partially offset by a RMB821.8 million increase in current borrowings and a RMB667.1 million decrease in cash and cash equivalents.

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The table below sets forth our current assets and current liabilities as of the respective dates:

	As of December 31,			As of June 30,	As of August 31,
	2010	2011	2012	2013	2013
	RMB'000			RMB'000	RMB'000 (unaudited)
<b>Current assets</b>					
Prepayments for leasehold land ..	-	-	100,000	146,850	104,150
Properties held or under development for sale .....	5,926,389	6,282,042	7,901,789	9,298,613	10,468,026
Trade and other receivables and prepayments .....	779,982	1,823,782	874,702	942,072	1,031,078
Prepaid income taxes ....	51,456	63,388	64,675	119,981	107,252
Financial assets at fair value through profit or loss .....	594	12,013	5,129	134	134
Restricted cash .....	435,757	1,093,037	701,743	562,465	440,681
Cash and cash equivalents .....	1,530,446	863,351	673,988	981,094	751,494
<b>Total</b> .....	<u>8,724,624</u>	<u>10,137,613</u>	<u>10,322,026</u>	<u>12,051,209</u>	<u>12,902,815</u>
<b>Current liabilities</b>					
Trade and other payables .....	1,778,231	1,754,122	1,535,222	1,705,479	1,458,301
Advanced proceeds received from customers .....	2,124,146	2,469,961	2,765,446	3,782,882	4,197,742
Current income tax liabilities .....	715,904	821,196	685,620	670,099	697,208
Borrowings .....	1,205,081	2,026,862	2,010,610	1,784,764	1,897,475
<b>Total</b> .....	<u>5,823,362</u>	<u>7,072,141</u>	<u>6,996,898</u>	<u>7,943,224</u>	<u>8,250,726</u>
<b>Net current assets</b> .....	<u>2,901,262</u>	<u>3,065,472</u>	<u>3,325,128</u>	<u>4,107,985</u>	<u>4,652,089</u>

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### Cash Flows Analysis

The following table sets forth our cash flows for the periods indicated:

	For the Year Ended December 31,			For the Six Months Ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net cash (used in)/generated from operating activities .....	(454,691)	(348,416)	(326,190)	15,612	146,643
Net cash (used in)/generated from investing activities .....	(60,245)	(457,387)	72,030	11,108	(413,731)
Net cash generated from/(used in) financing activities .....	<u>1,320,626</u>	<u>138,708</u>	<u>64,797</u>	<u>(259,848)</u>	<u>574,194</u>
Net increase/(decrease) in cash and cash equivalents.....	805,690	(667,095)	(189,363)	(233,128)	307,106
Cash and cash equivalents at beginning of the year/period.....	<u>724,756</u>	<u>1,530,446</u>	<u>863,351</u>	<u>863,351</u>	<u>673,988</u>
Cash and cash equivalents at end of the year/period .....	<u><u>1,530,446</u></u>	<u><u>863,351</u></u>	<u><u>673,988</u></u>	<u><u>630,223</u></u>	<u><u>981,094</u></u>

### Net Cash Used in Operating Activities

Our primary source of cash generated from operating activities is proceeds we receive from the sales of our properties, including pre-sales of properties under development, as well as income from our property management services. Our primary uses of cash in operating activities are amounts we pay for our property development activities, including land acquisitions.

For the six months ended June 30, 2013, our net cash generated from operating activities was RMB146.6 million, which was the result of net cash generated from operations of RMB486.8 million offset by the payment of interest of RMB170.4 million, PRC income tax of RMB88.1 million and PRC land appreciation tax of RMB81.7 million. Net cash generated from operations was primarily comprised of (i) increase in advanced proceeds received from customers of RMB998.3 million, (ii) RMB332.5 million from profit before income tax, and (iii) decrease in amounts due from related parties of RMB201.0 million, partially offset by (i) increase in prepayment for leasehold lands of RMB146.9 million and (ii) increase in properties held or under development for sales (excluding capitalized interest) of RMB1,062.6 million. Our net cash used in operating activities in the six months ended June 30, 2013 was primarily due to cash outflow associated with land use rights in Zhuji and Haimen and construction in connection with Chongqing Jingrui Royal Bay (重慶景瑞 • 御藍灣), Shaoxing Jingrui Dignity Mansion (紹興景瑞 • 望府), Yangzhou Jingrui Dignity Mansion (揚州景瑞 • 望府), Ningbo Jingrui Dignity Mansion (寧波景瑞 • 望府) and Hangzhou Jingrui Royal Bay (杭州景瑞 • 御藍灣), which was partially offset by deposits received from the pre-sale of Taizhou Jingrui Royal Bay (泰州景瑞 • 榮御藍灣), Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地) and Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣).

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For the six months ended June 30, 2012, our net cash generated from operating activities was RMB15.6 million, which was the result of net cash generated from operations of RMB462.5 million offset by the payment of interest of RMB188.8 million, PRC income tax of RMB162.1 million and PRC land appreciation tax of RMB96.0 million. Net cash generated from operations was primarily comprised of (i) RMB182.8 million from profit before income tax, (ii) increase in advanced proceeds received from customers of RMB637.2 million, (iii) decrease in trade and other receivables and prepayment of RMB246.9 million and (iv) increase in trade and other payables of RMB151.7 million, partially offset by (i) increase in properties held or under development for sales of RMB647.5 million and (ii) decrease in amounts due to related parties of RMB49.6 million. Our net cash used in operating activities in the six months ended June 30, 2012 was primarily due to cash outflow associated with construction in connection with Suzhou Jingrui Jade Bay (蘇州景瑞 • 翡翠灣), Changzhou Jingrui England County (常州景瑞 • 英郡), Nantong Jingrui Dignity Mansion (南通景瑞 • 望府) and Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地), which was partially offset by deposits received from the pre-sales in connection with Shanghai Jingrui Softshore (上海景瑞 • 嶺域), Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣), Taizhou Jingrui Royal Bay (泰州景瑞 • 榮御藍灣) and Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地).

For the year ended December 31, 2012, our net cash used in operating activities was RMB326.2 million, which was the result of net cash generated from operations of RMB316.2 million offset by interest paid of RMB340.5 million, PRC income tax paid of RMB166.7 million and PRC land appreciation tax paid of RMB135.2 million. Net cash generated from operations was mainly comprised of (i) profit before income tax of RMB605.7 million, (ii) decrease in trade and other receivables and prepayments of RMB803.6 million, mainly reflecting the receipts of tender deposits made for bidding of land use rights toward the end of 2011, (iii) decrease in restricted cash relating to operating activities of RMB227.4 million and (iv) increase in advanced proceeds received from customers of RMB295.5 million, partially offset by an increase in properties held or under development for sales (excluding capitalized interest) of RMB1,306.8 million, reflecting our continued increase in the scale of property development activities in 2012 and increased expenditures on land use rights. Our net cash used in operating activities in 2012 was primarily due to cash outflow associated with land use rights in Chongqing Jingrui Royal Bay (重慶景瑞 • 御藍灣) and Shaoxing Jingrui The Mansion (紹興景瑞 • 上府) and construction in connection with Suzhou Jingrui Jade Bay (蘇州景瑞 • 翡翠灣), Changzhou Jingrui England County (常州景瑞 • 英郡), Nantong Jingrui Dignity Mansion (南通景瑞 • 望府) and Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地), which was partially offset by deposits received from the pre-sale of Shaoxing Jingrui Dignity Mansion (紹興景瑞 • 望府), Changzhou Jingrui England County (常州景瑞 • 英郡), Nantong Jingrui Dignity Mansion (南通景瑞 • 望府) and Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣).

For the year ended December 31, 2011, our net cash used in operating activities was RMB348.4 million, which was the result of net cash generated from operations of RMB217.2 million offset by interest paid of RMB271.1 million, PRC income tax paid of RMB193.9 million and PRC land appreciation tax paid of RMB100.6 million. Net cash generated from operations was mainly comprised of (i) RMB753.0 million from profit before income tax, (ii) increase in advanced proceeds received from customers of RMB345.8 million and (iii) decrease in amounts due from related parties of RMB169.7 million, partially offset by (i) increase in trade and other receivables and prepayments of RMB1,070.5 million, as a result of the tender deposits made for the bidding of land use rights at the end of 2011 and (ii) an increase in properties held or under development for sales (excluding capitalized interest) of RMB92.8 million. Our net cash used in operating activities in 2011 was primarily due to cash outflow associated with land use rights in Shaoxing Jingrui Dignity Mansion (紹興景瑞 • 望府), Changzhou Jingrui Dignity Mansion (常州景瑞 • 望府) and Huzhou Jingrui Dignity Mansion (湖州景瑞 • 望府) and construction in connection with Shanghai Jingrui Fair Town (上海景瑞 • 嘉城), Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣), Suzhou Jingrui Jade Bay (蘇州景瑞 • 翡翠灣), Nantong Jingrui Dignity Mansion (南通景瑞 • 望府) and Huzhou Jingrui Cin Cinnatti



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(湖州景瑞 • 西西那堤), which was partially offset by deposits received from the pre-sale of Shanghai Jingrui Fair Town (上海景瑞 • 嘉城), Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣), Suzhou Jingrui Jade Bay (蘇州景瑞 • 翡翠灣), Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地), Taizhou Jingrui Royal Bay (泰州景瑞 • 榮御藍灣) and Nantong Jingrui Dignity Mansion (南通景瑞 • 望府).

For the year ended December 31, 2010, our net cash used in operating activities was RMB454.7 million, which was the result of net cash used in operations of RMB59.0 million, PRC income tax paid of RMB195.3 million, interest paid of RMB128.5 million and PRC land appreciation tax paid of RMB71.9 million. Net cash used in operations was mainly comprised of (i) increase in properties held or under development for sales (excluding capitalized interest) of RMB2,151.8 million, (ii) increase in restricted cash relating to operating activities of RMB357.2 million, and (iii) increase in trade and other receivables and prepayments of RMB371.5 million, partially offset by (i) increase in advanced proceeds received from customers of RMB1,449.9 million, (ii) profit before income tax of RMB697.6 million and (iii) increase in trade and other payables of RMB737.0 million. Our net cash used in operating activities in 2010 was primarily due to cash outflow associated with land use rights in Suzhou Jingrui Jade Bay (蘇州景瑞 • 翡翠灣), Nantong Jingrui Dignity Mansion (南通景瑞 • 望府) and Zhoushan Jingrui Peninsula Bay (舟山景瑞 • 半島灣) and construction in connection with Shanghai Jingrui Fair Town (上海景瑞 • 嘉城), Shanghai Jingrui Softshore City (上海景瑞 • 嶺域), Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣) and Suzhou Jingrui Jade Bay (蘇州景瑞 • 翡翠灣), which was partially offset by deposits received from the pre-sale of Changzhou Jingrui Dawn City (常州景瑞 • 曦城), Suzhou Jingrui Royal Bay (蘇州景瑞 • 榮御藍灣), Chongqing Jingrui Blue Vally (重慶景瑞 • 藍溪谷地), Tianjin Jingrui Sunny City (天津景瑞 • 陽光尚城) and Shanghai Jingrui Fair Town (上海景瑞 • 嘉城).

### **Net Cash Used in/Generated from Investing Activities**

Cash used in our investing activities is primarily related to the purchase of property and equipment, which includes leasehold improvement, amounts due from non-controlling interest of a subsidiary and the purchase of intangible assets. Cash generated from our investing activities is primarily related to interest received on bank deposits, deposits received in connection with the disposal of a subsidiary, the dividend received from a jointly controlled entity and proceeds from disposal of property, plant and equipment.

For the six months ended June 30, 2013, our net cash used in investing activities was RMB413.7 million, primarily consisted of (i) the amounts due from non-controlling interests of Shanghai Huajiang of RMB120.0 million, (ii) the amounts due from Changzhou Jingshang of RMB220.0 million, (iii) the deposits paid in connection with the acquisition of the 80% equity interest in Shanghai Fengxiang in the amount of RMB50.0 million, and (iv) net cash outflow for the acquisition of the 60% equity interest in Shanghai Jingxiu in the amount of RMB30.2 million, partially offset by interest received on bank deposits of RMB11.2 million.

For the six months ended June 30, 2012, our net cash generated from investing activities was RMB11.1 million, primarily consisted of interest received on bank deposits of RMB12.0 million, which was partially offset by the purchase of property, plant and equipment of RMB1.0 million.

For the year ended December 31, 2012, our net cash generated from investing activities was RMB72.0 million, primarily consisted of (i) the dividend received from Shanghai Jingxiu of RMB34.4 million, (ii) the interest received on bank deposits of RMB30.2 million, and (iii) the deposits of RMB10.0 million received in connection with the disposal of 100% equity interest in Shanghai Garden City, partially offset by the purchase of property, plant and equipment of RMB2.6 million.

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For the year ended December 31, 2011, our net cash used in investing activities was RMB457.4 million, primarily consisted of (i) investments in Changzhou Jingshang of RMB316.8 million, (ii) the amounts paid to non-controlling interests of Shanghai Huajiang of RMB150.0 million and (iii) purchase of property, plant and equipment of RMB6.4 million, partially offset by the interest received on bank deposits of RMB15.9 million.

For the year ended December 31, 2010, our net cash used in investing activities was RMB60.2 million, primarily consisted of (i) the amounts paid to non-controlling interests of Shanghai Huajiang of RMB60.0 million and (ii) the purchase of property, plant and equipment of RMB9.2 million, partially offset by interest received on bank deposits of RMB8.9 million.

### **Net Cash Generated from Financing Activities**

Cash generated from financing activities is primarily related to proceeds from borrowings. Cash used in financing activities is primarily related to (i) repayments of borrowings, dividends paid by companies that now comprise our Group to its then other shareholders and (ii) changes in ownership interests in subsidiaries without change of control, which represents acquisitions by us of the minority interest in our subsidiaries.

For the six months ended June 30, 2013, our net cash generated from financing activities was RMB574.2 million, primarily consisted of (i) proceeds from borrowings of RMB2,198.0 million, (ii) capital contribution from our Controlling Shareholders of RMB313.0 million, and (iii) decrease in restricted cash relating to financing activities of RMB216.3 million, partially offset by (i) repayments of borrowings of RMB1,490.5 million and (ii) the consideration of RMB313.0 million paid in connection with the acquisition of 39.65% and 40.05% equity interest in Jingrui Properties (Group) from Yangpu Wanbaolong and Yangpu Saiente, respectively, and the consideration of US\$41.5 million (equivalent to RMB258.1 million) million paid in connection with the acquisition of 20.3% equity interest in Jingrui Properties (Group) through the acquisition of all issued and outstanding equity interest in EI Hong Kong and an interest free shareholder's loan of EI Hong Kong from the original shareholder of EI Hong Kong.

For the six months ended June 30, 2012, our net cash used in financing activities was RMB259.8 million, primarily consisted of proceeds from borrowings of RMB1,073.5 million and decrease in restricted cash relating to financing activities of RMB171.9 million, partially offset by repayment of borrowings of RMB1,492.9 million and dividend payment of RMB12.4 million.

For the year ended December 31, 2012, our net cash generated from financing activities was RMB64.8 million, which consisted of (i) proceeds from borrowings of RMB4,038.3 million and (ii) a decrease in restricted cash relating to financing activities of RMB163.9 million, partially offset by (i) the repayments of borrowings of RMB4,022.1 million, (ii) changes in ownership interests in subsidiaries without change of control of RMB74.0 million, representing the acquisition by Jingrui Properties (Group) of the 49% equity interests in its subsidiary, Huzhou Jingrui from Tianjin Li Bai Investment Management Co., Ltd. (天津麗柏投資管理有限公司), and (iii) dividends of RMB41.4 million paid by companies that now comprise our Group to its then other shareholders.

For the year ended December 31, 2011, our net cash generated from financing activities was RMB138.7 million, which consisted of proceeds from borrowings of RMB2,789.7 million, partially offset by (i) the repayments of borrowings of RMB1,802.0 million, (ii) an increase in restricted cash relating to

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financing activities of RMB758.2 million, (iii) RMB46.8 million received from non-controlling interests of subsidiaries, and (iv) dividends of RMB44.0 million paid by companies that now comprise our Group to its then other shareholders.

For the year ended December 31, 2010, our net cash generated from financing activities was RMB1,320.6 million, which consisted of (i) proceeds from borrowings of RMB2,051.8 million, (ii) RMB190.0 million from non-controlling interests of subsidiaries, (iii) RMB60.0 million in capital contribution from non-controlling interests of a subsidiary, and (iv) a decrease in restricted cash relating to financing activities of RMB40.0 million, partially offset by (i) the repayments of borrowings of RMB602.1 million, (ii) dividends of RMB211.1 million paid by companies that now comprise our Group to its then other shareholders, and (iii) changes in ownership interests in subsidiaries without change of control of RMB208.1 million, representing the acquisition by Jingrui Properties (Group) of the 40% equity interests of its subsidiary, Taicang Jingrui, from the non-controlling interests of Taicang Hengtong Investment Group Co., Ltd. (太倉恒通投資集團有限公司).

### *Working Capital*

To achieve sufficient working capital, we will continue to improve our cash inflow associated with the sales and pre-sales of our properties by strengthening marketing efforts and further enhancing the payment collection from our customers with respect to the property sales and pre-sales. We also intend to better utilize the payment terms under the construction agreements provided by our general contractors through negotiation and the establishment of strategic relationships, in order to optimize the payment schedules for construction fees to match our proceeds collection and property sales plan. In addition, at our headquarters level, various departments will coordinate to control cash outflow by establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with external financing opportunities and property sales proceeds.

### *Sufficiency of Working Capital*

Taking into account the financial resources available to our Group, including the expected cash generated from operating activities, the estimated net proceeds from this Global Offering and our available banking facilities, our Directors are of the opinion that we will have available sufficient working capital for our present requirements, that is for at least the 12 months following the date of this prospectus.

### *Acquisition of 80% Equity Interest in Shanghai Fengxiang*

In July 2013, we entered into an equity transfer agreement with an independent third party to acquire from such third party 80% equity interest in Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) (“Shanghai Fengxiang”) and the outstanding shareholder’s loan extended by such third party to Shanghai Fengxiang for a total consideration of approximately RMB972.0 million, subject to adjustment in accordance with the terms and conditions stipulated in the equity transfer agreement. Pursuant to the equity transfer agreement, we are entitled to terminate the agreement by delivering a prior written notice to the independent third party transferor and Shanghai Fengxiang if certain conditions cannot be fulfilled by it and/or the transferor prior to October 20, 2013. The considerations for the first two installments in the aggregate amount of RMB500.0 million are payable upon the fulfillment of certain conditions by Shanghai Fengxiang as agreed to in the equity transfer agreement, including but not limited to the following: (i) the relevant business registration relating to this equity transfer is

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completed, (ii) Shanghai Fengxiang has entered into agreements to release certain guarantees in an aggregate amount of RMB55.0 million it provided to other parties, (iii) Shanghai Fengxiang has terminated the existing employment agreements with all its employees at its own cost and expense; and (iv) Shanghai Fengxiang has obtained the approvals from relevant government authorities relating to the extension of commencement dates and completion dates of the properties to be developed. We will pay an additional RMB100.0 million when (i) the resettlement is completed, or (ii) all of the land use right certificates for land parcels held by Shanghai Fengxiang are obtained, whichever is earlier. Once these two conditions are both fulfilled, we will pay up to 90% of the total consideration of the equity transfer to the transferor. As of the Latest Practicable Date, we had paid RMB350.0 million to the third party transferor. The remaining amount will be paid (i) when Shanghai Fengxiang has obtained the construction work planning permits and construction work commencement permits for the properties to be developed, or (ii) within nine months after the resettlement is completed, whichever is earlier. As of the Latest Practicable Date, the remaining 20% equity interests in Shanghai Fengxiang was owned as to 9% by Mr. Gu Jiabin and 11% by Ms. Zhang Bei, who are independent third parties. Such third parties have an option to sell their equity interests in Shanghai Fengxiang to us pursuant to the equity transfer agreement by giving us a written notice within one month after the expiry of two-year period from the date on which Shanghai Fengxiang obtains its new business license. The consideration for the remaining 20% equity interest will be determined by the third parties, which will either be (i) 20% of the final consideration paid by us to complete the acquisition of the 80% equity interests in Shanghai Fengxiang plus an annual return of 6%, or (ii) 20% of the valuation of the net assets value of Shanghai Fengxiang at that time.

Pursuant to the equity transfer agreement, the third party transferor agreed to complete, or cause Shanghai Fengxiang to complete, all the resettlements in connection with such lands at its own cost and expense, including but not limited to the relevant construction fees and compensations for the resettlements. The transferor is also responsible for the expenses arising from the termination of existing leases and employment contracts entered into by Shanghai Fengxiang and its employees. The transferor will reimburse us for any expenses incurred by us or Shanghai Fengxiang resulting from such employment contract terminations or existing or potential litigations.

Shanghai Fengxiang was engaged in the property development of office and retail spaces of one project in Qingpu, Shanghai. It has entered into land grant contracts in respect of land parcels with a total site area of 79,944 sq.m. Among such land parcels, Shanghai Fengxiang has obtained land use rights certificates in respect of 38,292 sq.m. Shanghai Fengxiang has already developed certain properties on these land parcels. Upon the completion of the acquisition of the 80% equity interest in Shanghai Fengxiang, we plan to begin selling the remaining unsold but available for sale GFA in respect of such land parcels in the fourth quarter of 2013.

Regarding the remaining land parcels of approximately 41,652 sq.m. in respect of which Shanghai Fengxiang has entered into the relevant land grant contracts but has not obtained land use rights certificates, it is expected that Shanghai Fengxiang will obtain the relevant land use right certificates after the resettlements in respect of such land parcel are completed. Upon satisfaction of certain conditions, including the completion of the resettlements by Shanghai Fengxiang and the obtaining of the requisite land use rights certificates by Shanghai Fengxiang, we intend to develop such land parcels for residential and commercial properties that include office and retail spaces. We currently expect such project to have a planned aggregate GFA of approximately 183,638 sq.m., among which at least 18,564 sq.m. shall be allocated to resettlement residential properties pursuant to the relevant land grant contracts. We plan to commence the development of such project in early 2014.

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Shanghai Fengxiang recognized revenue from the sales of properties of RMB96.2 million, RMB25.7 million, RMB6.5 million and RMB4.2 million in 2010, 2011 and 2012 and the six months ended June 30, 2013, respectively. Revenue from Shanghai Fengxiang decreased from 2010 primarily due to the decrease in GFA sold as there was only one property project that was developed by Shanghai Fengxiang, which was completed in 2008 with most of such sold properties delivered to customers prior to 2011. Shanghai Fengxiang had net loss of RMB0.3 million, RMB30.8 million, RMB20.1 million and RMB14.8 million in 2010, 2011 and 2012 and in the six months ended June 30, 2013, respectively.

Shanghai Fengxiang had net current assets of RMB5.8 million as at June 30, 2013. Shanghai Fengxiang had properties held or under development for sale of RMB528.2 million as at June 30, 2013, representing the land use rights and properties it retained and trade and other receivables and prepayments of RMB250.3 million as at the same date, primarily representing advances provided to a third party company. Such trade receivables was subsequently received by Shanghai Fengxiang in August 2013. Shanghai Fengxiang has borrowings of RMB109.0 million as at June 30, 2013, which were secured by properties of Shanghai Fengxiang and trade and other payables of RMB714.7 million as at the same date, primarily representing loans provided to Shanghai Fengxiang by the third party transferor and payables to construction contractors. The loans provided to Shanghai Fengxiang by the third party transferor will be paid and is included in the consideration for the acquisition of 80% equity interest in Shanghai Fengxiang.

The financial information of Shanghai Fengxiang for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 is included in the “Accountant’s Report” in Appendix I to this prospectus. Shanghai Fengxiang’s account will be consolidated into our accounts starting from the completion of the acquisition.

Assuming the acquisition of the 80% equity interest in Shanghai Fengxiang was completed on June 30, 2013, our total assets as at June 30, 2013 would increase by RMB930.6 million from RMB12,814.9 million to RMB13,745.5 million, and our total liabilities would increase by RMB930.6 million from RMB10,954.6 million to RMB11,885.2 million. Such unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its hypothetical nature, may not provide a complete and true picture of the financial position of our Group had the transactions actually occurred as at the date indicated or at any future dates. Please refer to “Unaudited Pro Forma Financial Information” in Appendix II of this prospectus for additional details as to the Group’s unaudited pro forma consolidated statement of assets and liabilities.

### COMMITMENTS

#### *Expenditure Commitments*

The following table sets forth our property development expenditures we had contracted but yet provided for as at the dates indicated:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	RMB'000			
Property development expenditures contracted but not provided for.....	<u>1,276,775</u>	<u>1,312,034</u>	<u>1,431,673</u>	<u>2,639,861</u>

## FINANCIAL INFORMATION

The following table sets forth the capital commitments for projects that are under development or for future development as of June 30, 2013 and the expected payment schedule for such commitments in the future periods as indicated:

	Commitments as at June 30, 2013	Expected Commitment Payment in the Years Ending December 31,		
		2013	2014	2015
		RMB'000		
Shanghai Jingrui Fair Town (上海景瑞·嘉城) .....	41,260	20,630	20,630	–
Suzhou Jingrui Royal Bay (蘇州景瑞·榮御藍灣) .....	177,999	71,199	53,400	53,400
Suzhou Jingrui Jade Bay (蘇州景瑞·翡翠灣) .....	71,722	28,689	43,033	–
Changzhou Jingrui England County (常州景瑞·英郡) .....	194,075	97,037	77,630	19,407
Nantong Jingrui Dignity Mansion (南通景瑞·望府) .....	167,396	33,479	83,698	50,219
Taizhou Jingrui Royal Bay (泰州景瑞·榮御藍灣) .....	175,469	105,281	70,187	–
Yangzhou Jingrui Dignity Mansion (揚州景瑞·望府) .....	187,409	168,668	18,741	–
Hangzhou Jingrui Royal Bay (杭州景瑞·御藍灣) .....	153,044	149,000	4,044	–
Shaoxing Jingrui Dignity Mansion (紹興景瑞·望府) .....	253,762	190,321	63,440	–
Shaoxing Jingrui The Mansion (紹興景瑞·上府) .....	202,406	177,000	25,406	–
Ningbo Jingrui Dignity Mansion (寧波景瑞·望府) .....	426,263	404,958	21,305	–
Huzhou Jingrui Dignity Mansion (湖州景瑞·望府) .....	125,522	25,104	62,761	37,656
Zhonshan Jungrui HOPSCA (舟山景陽·豪布斯卡) .....	67,431	67,431	–	–
Zhoushan Jingrui Peninsula Bay (舟山景瑞·半島灣) .....	33,079	33,079	–	–
Tianjin Jingrui Sunny City (天津景瑞·陽光尚城) .....	99,280	69,496	29,784	–
Tianjin Jingrui England County (天津景瑞·英郡) .....	36,507	36,507	–	–
Shaoxing Jingrui Nobility Mansion (紹興景瑞·御江山) .....	227,240	227,240	–	–
Total .....	<u>2,639,861</u>	<u>1,905,120</u>	<u>574,059</u>	<u>160,682</u>

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We expect to meet these commitments primarily through the proceeds received from the sales and pre-sales of our properties.

### *Operating Lease Commitments*

The following table sets forth our operating lease expenditures as at the dates indicated:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	<b>RMB'000</b>			
Within 1 year.....	5,857	4,662	5,966	6,415
1-5 years.....	<u>5,101</u>	<u>3,229</u>	<u>3,550</u>	<u>2,003</u>
<b>Total</b> .....	<u><u>10,958</u></u>	<u><u>7,891</u></u>	<u><u>9,516</u></u>	<u><u>8,418</u></u>

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### INDEBTEDNESS

#### *Borrowings*

The following table sets forth the principal amounts of our current and non-current bank and other borrowings as at the dates indicated:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
	RMB'000			
<b>Current Borrowings:</b>				
Bank loans, secured.....	60,000	945,133	740,166	699,520
Bank loans, unsecured.....	400,000	–	–	–
Trust financing arrangements, secured <sup>(1)</sup> :				
– conventional loan.....	–	79,750	–	–
– equity with repurchase obligations.....	100,000	–	150,000	150,000
Short-term borrowings from a micro- credit company, secured <sup>(2)</sup> .....	–	–	22,500	–
Add: Current portion of long-term borrowings:				
Bank loans.....	645,081	491,979	567,544	374,844
Trust financing arrangements.....	–	510,000	530,400	560,400
<b>Total Current Borrowings:</b>	1,205,081	2,026,862	2,010,610	1,784,764
<b>Non-Current Borrowings:</b>				
Bank loans, secured.....	1,908,275	2,272,194	2,074,765	1,730,575
Trust financing arrangements, secured <sup>(1)</sup> :				
– conventional loan.....	–	158,900	994,800	989,600
– equity with repurchase obligations.....	510,000	510,000	–	1,095,130
Less: Current portion of long-term borrowings:				
Bank loans.....	(645,081)	(491,979)	(567,544)	(374,844)
Trust financing arrangements.....	–	(510,000)	(530,400)	(560,400)
<b>Total Non-Current Borrowings:</b> .....	1,773,194	1,939,115	1,971,621	2,880,061
<b>Total</b> .....	<u>2,978,275</u>	<u>3,965,977</u>	<u>3,982,231</u>	<u>4,664,825</u>

#### *Notes:*

- (1) These borrowings are mainly in the form of trust financing arrangements with trust financing providers. Please refer to section “Business — Financing Arrangements” and Note 19 “Borrowings” to the Accountant’s Report included as Appendix I for more details.
- (2) This short-term loan represents the borrowings of RMB22.5 million from Shanghai Hongkou Hongye Micro-Credit Co., Ltd., which was secured by the pledge of investment properties held by Shanghai Jingxiang and was guaranteed by Jingrui Properties (Group). The total carrying amount of investment properties held by Shanghai Jingxiang was RMB306.0 million as at December 31, 2012. We had fully settled the micro-credit loan in June 2013.



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Our total outstanding borrowings increased from RMB2,978.3 million as at December 31, 2010 to RMB3,966.0 million as at December 31, 2011 and further to RMB3,982.2 million as at December 31, 2012 and to RMB4,664.8 million as at June 30, 2013, primarily due to the increase in the construction activities resulting from our business expansion. As of August 31, 2013, the Group has approximately RMB767.5 million in unutilized banking facilities. During the Track Record Period and up to the Latest Practicable Date, our Directors confirmed that they are not aware of any breach of any of the covenants contained in our banking and other loan facilities constituting any event of default nor are they aware of any restrictions that will limit our ability to drawdown on our unutilized facilities. Our Directors further confirmed that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

Our borrowings were secured by properties held or under development for sale, investment properties and bank deposits or guaranteed by our subsidiaries for each other or by related parties. In 2012, we also made short-term borrowings in the aggregate of RMB30.0 million from Shanghai Hongkou Hongye Micro-Credit Co., Ltd., a micro-credit company located in Shanghai, in order to take advantage of its flexible and short approval procedures to meet our liquidity needs for our property developments at that time. The short-term borrowings bore a fixed interest rate of 16% and were guaranteed by Jingrui Properties (Group). These borrowings were also secured by the pledge of certain investment properties held by Shanghai Jingxiang, the carrying value of which was higher than the amount of the loan because this pledge constituted as a second mortgage as the properties were already previously pledged for working capital loans, resulting in discount to the value of the properties under the pledge. Under the loan agreement, we are required to pay accrued interests on a month basis and to repay the total principal amount and any outstanding interest at the expiry of the loan. We are also subject to certain covenants under the loan agreement. For example, we are not allowed to carry out merger, restructuring, spin-off, material asset transfer, liquidation, change in principal management or establishment of any joint venture without obtaining the prior consent from the micro-credit company. We had fully settled the micro-credit loan in June 2013.

Our borrowings were made from commercial banks, micro-credit company and trust financing providers in the PRC, all of which are independent third parties.

The table below sets forth the weighted average effective interest rates on our bank and other borrowings as at the dates indicated:

	For the Year Ended December 31,			For the Six Months
	2010	2011	2012	Ended June 30, 2013
Bank loans .....	6.04%	6.96%	7.03%	7.51%
Trust financing arrangements ....	15.26%	15.16%	16.60%	14.98%
Short-term borrowings from a micro-credit company .....	-	-	16.00%	-

The increase in average effective interest rates on our bank borrowings during the Track Record Period was primarily due to the increase in the PBOC benchmark rates and the tightened credit policies imposed by banks towards real estate developers since 2010. Interest rates of borrowings under the trust financing arrangements do not usually link to the PBOC benchmark interest rates and are typically higher than those charged by commercial banks. Notwithstanding the higher cost, we selected to obtain trust

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financings for some of our property development projects to take advantage of their shorter approval time and flexible terms regarding repayment, as compared to those offered by commercial banks, particularly in the tightened credit environment for real estate developers.

The following table sets forth the maturity profiles of our non-current borrowings as at the dates indicated:

	As at December 31,			As at June 30, 2013	As at August 31, 2013
	2010	2011	2012		
			<b>RMB'000</b>		
Between 1 and 2 years .....	640,000	853,040	824,890	1,851,431	2,291,400
Between 2 and 5 years .....	944,140	903,000	970,000	898,121	1,017,735
Above 5 years.....	189,054	183,075	176,731	130,509	130,509
<b>Total</b> .....	<u>1,773,194</u>	<u>1,939,115</u>	<u>1,971,621</u>	<u>2,880,061</u>	<u>3,439,644</u>

### *Indebtedness*

As at August 31, 2013, the date being the latest practicable date for the purpose of the indebtedness statement, we had total outstanding indebtedness of RMB5,337.1 million, details of which are set forth in the table below:

	Secured	Unsecured	Total
	<b>RMB'000</b>		
Current borrowings			
Bank borrowings .....	787,875	100,000	887,875
Trust financing arrangements .....	1,009,600	—	1,009,600
Subtotal:.....	<u>1,797,475</u>	<u>100,000</u>	<u>1,897,475</u>
Non-current borrowings			
Bank borrowings .....	1,421,785	—	1,421,785
Trust financing arrangements .....	2,017,859	—	2,017,859
Subtotal:.....	<u>3,439,644</u>	<u>—</u>	<u>3,439,644</u>
<b>Total</b> .....	<u>5,237,119</u>	<u>100,000</u>	<u>5,337,119</u>

### *Contingent liabilities*

#### **Mortgage Guarantees**

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer, or (ii) the settlement of mortgage loans by the customers.

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The following table sets forth our total mortgage guarantees as at the dates indicated:

	As at December 31,			As at	As at
	2010	2011	2012	June 30, 2013	August 31, 2013
			<b>RMB'000</b>		
Mortgage guarantees .....	<u>507,838</u>	<u>764,384</u>	<u>1,771,006</u>	<u>2,114,882</u>	<u>2,162,956</u>

During the Track Record Period, our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

### Legal Contingents

We are involved in lawsuits and other proceedings in the ordinary course of business. We believe that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or operating results. See “Business — Legal Proceedings” for more details.

We have assessed the claims and considered that the ultimate outcome of these legal proceedings will not have a material and adverse effect on financial position of us.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of August 31, 2013, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

### KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the period or as at the dates indicated:

	As at December 31,			As at June 30,
	2010	2011	2012	2013
Current ratio (times) <sup>(1)</sup> .....	1.5	1.4	1.5	1.5
Gearing ratio (%) <sup>(2)</sup> .....	46.4	54.0	56.4	63.4
Net debt-to-equity ratio (%) <sup>(3)</sup> .....	86.6	117.5	129.1	172.9
			For the Year Ended December 31,	
			2010	2011
Return on equity (%) <sup>(4)</sup> .....			20.0	20.1
				2012
				16.7

(1) Equal to current assets divided by current liabilities as at the end of the respective period.

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- (2) Equal to net debt (which represents total borrowings less cash and cash equivalents and restricted cash-deposits pledged for borrowings) divided by total capital (which represents total equity plus net debt) as at the end of the respective period and multiplied by 100%.
- (3) Equal to net debt (which represents total borrowings minus cash and cash equivalents and restricted cash-deposits pledged for borrowings), divided by total equity as at the end of the respective period and multiplied by 100%.
- (4) Equal to (i) for 2010, profit for the year divided by the total equity at the end of the year and multiplied by 100% for 2010 as the consolidated financial information in 2009 is not included in this prospectus, and (ii) for 2011 and 2012, profit for the year divided by the average of total equity at the beginning and the end of the year and multiplied by 100%.

### ***Current Ratio***

Our current ratio remained relatively stable at 1.5 times as at December 31, 2010, 1.4 times as at December 31, 2011 and 1.5 times as at December 31, 2012 and June 30, 2013, respectively, primarily due to our prudent financial strategy maintained during the Track Record Period.

### ***Gearing Ratio***

Our gearing ratio increased from 46.4% as at December 31, 2010 to 54.0% as at December 31, 2011 to 56.4% as at December 31, 2012 and further to 63.4% as at June 30, 2013, primarily due to an increase in total borrowings to support our continued growth.

### ***Net Debt-to-Equity Ratio***

Our net debt-to-equity ratio increased from 86.6% as at December 31, 2010 to 117.5% as at December 31, 2011 to 129.1% as at December 31, 2012 and further to 172.9% as at June 30, 2013, primarily due to an increase in total borrowings to support our continued growth.

### ***Return on Equity***

Our return on equity remained relatively stable in 2010 and 2011 and were 20.0% and 20.1% respectively. Return on equity decreased to 16.7% in 2012, primarily due to a decrease in our profit margin mainly as a result of decrease in ASP, increase in land use right costs, increase in capitalized interest as a result of higher interest rates from our borrowings and a one-time provision for land use rights of Shanghai Garden City.

## **QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISKS**

We are, in the ordinary course of our business, exposed to various market risks, including foreign currency risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. Our capital risk management strategy aims to safeguard our ability to continue as a going concern in order to provide returns for our shareholders and to maintain an optimal capital structure to reduce the cost of capital.

### ***Foreign Exchange Risk***

We conducted our business of development, sale and management of properties solely in the PRC with almost all transactions denominated in Renminbi. In addition, the majority of our assets and liabilities are denominated in Renminbi. Accordingly, we are not exposed to significant foreign currency risk.

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Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than Renminbi and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have a foreign currency hedging policy but our Directors would manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

### *Interest Rate Risk*

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, the Group has no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank and trust financing providers. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts to interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

### *Credit Risk*

We have no significant concentrations of credit risk. The carrying amounts of bank deposits and trade and other receivables included in the consolidated balance sheets represent our maximum exposure to credit risk in relation to its financial assets. Cash transactions are limited to high-credit-quality financial institutions. Our Directors do not expect any losses from non-performance of these counterparties.

We have policies in place to ensure that the sales of properties are made to customers with an appropriate financial strength with appropriate percentage of down payment. Meanwhile, we have the right to cancel the sales contract in the event that the customer default in payment, and put the underlying properties back on the market for sale. Credit is normally provided to anchor tenants with sufficient financial strength. Therefore, the credit risk from sales of properties is limited. We also have other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Other receivables mainly comprise receivables from related parties and deposits made in the ordinary course of business. We closely monitor the other receivables to ensure actions are taken to recover these balances in the case of any risk of default.

### *Liquidity Risk*

We aim to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet our operation needs and commitments in respect of property projects. We review our liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of our borrowings and the progress of the planned property development projects in order to monitor our liquidity requirements in the short and long terms. We have established an appropriate liquidity risk management framework for our liquidity management requirements to ensure that we maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet our liquidity requirements in the short and long term.

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### **DISTRIBUTABLE RESERVES**

Our reserves available for distribution to Shareholders consist of share premium and retained earnings. Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to our Shareholders if immediately following the date on which we propose to distribute the dividend, we will be in a position to pay off our debts as they fall due in the ordinary course of business. As at June 30, 2013, we had share premium and retained earnings in the amount of RMB1,384.3 million which are available for distribution to our Shareholders.

### **DIVIDEND POLICY**

We are a holding company incorporated in the Cayman Islands. Subject to the Cayman Companies Law, through a general meeting we may declare dividends in any currency but no dividend shall be declared in excess of the amount recommended by the Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law and our Articles of Association.

Our Directors will declare dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and will pay such dividends in Hong Kong dollars. Any final dividend for a fiscal year will be subject to our Shareholders' approval. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant.

Our future dividend payments will also depend upon the availability of dividends received from our operating subsidiaries in the PRC. PRC laws require that dividends be paid only out of accumulated profits, if any, as determined in accordance with PRC accounting standards, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRSs. In addition, PRC laws and regulations also require a PRC-incorporated enterprise to set aside at least 10% of its after-tax profits calculated based on PRC accounting standards each year, if any, to fund certain statutory reserves, which may not be distributed as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future.

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Our Company has not declared dividends in the past. However, our subsidiaries declared and paid dividends to its then shareholders in an aggregate amount of RMB31.1 million, RMB44.0 million, RMB41.4 million and RMB372.6 million in the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013. In addition, the Directors of our Company decided that the distributable profits of our PRC subsidiaries up to June 30, 2013 will not be distributed in the future. Subject to the limitations mentioned above, and in the absence of circumstances which might affect the amount of available distributable reserves, whether by losses or otherwise, our Directors currently intend to distribute to our Shareholders no less than 20% of any net distributable profits from our PRC operating entities derived during the relevant period, excluding net fair value gains or losses on investment properties, for the six months ending December 31, 2013 and each fiscal year thereafter. However, we will re-evaluate our dividend policy annually and there is no assurance that dividends of any amount will be declared or distributed in any given year. In addition, the declaration and/or payment of dividends may be limited by legal restrictions and/or by contracts or agreements that we may enter into in the future.

### LISTING EXPENSE INCURRED AND TO BE INCURRED

For the six months ended June 30, 2013, we incurred listing expenses of approximately RMB14.0 million for legal and other professional fees, of which RMB9.8 million were charged to our administrative expenses for the six months ended June 30, 2013. We expect to incur additional listing expenses for legal and other professional fees of approximately RMB29.1 million, of which RMB20.1 million is expected to be recognized as administrative expenses in the second half of 2013. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2013.

### UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is prepared to show the effect of Global Offering on the audited net tangible assets of our Group attributable to the equity holders of our Company as at June 30, 2013 as if the Global Offering had occurred on June 30, 2013 and is based on the consolidated net assets derived from the audited financial information of our Group as at June 30, 2013, as set out in the Accountant's Report in Appendix I:

	Audited Consolidated Net Tangible Assets of Our Group attributable to the equity holders of our Company as at June 30, 2013	Estimated Net Proceeds from the Global Offering	Unaudited Pro Forma Adjusted Net Tangible Assets attributable to the equity holders of our Company as at June 30, 2013	Unaudited Pro Forma Adjusted Net Tangible Assets per Share	
	RMB'000		RMB'000	RMB'000	RMB
Based on an Offer Price of HK\$4.20 per Share ...	1,651,440	972,373	2,623,813	2.09	2.63
Based on an Offer Price of HK\$5.48 per Share ...	1,651,440	1,291,936	2,943,376	2.35	2.95

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### RELATED PARTY TRANSACTIONS

We have entered into the following related party transactions during the Track Record Period:

	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(i) Marketing service income from related parties					
– Shanghai Jingxiu .....	3,270	826	–	–	–
(ii) Providing temporary funding to related parties					
– Shanghai Jingxiu .....	970,469	236,388	75,000	–	–
– Changzhou Jingshang....	–	538,486	76,282	49,609	225,665
	Year ended December 31,			Six months ended June 30,	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(iii) Collection of temporary funding from related parties					
– Shanghai Jingxiu .....	1,001,269	239,988	75,000	–	–
– Changzhou Jingshang ...	–	365,488	65,182	18,180	308,714
(iv) Dividend income from a related party					
– Shanghai Jingxiu .....	–	–	44,000	–	–
(v) Borrowings guaranteed by related parties					
– Shanghai Jingxiu .....	–	425,900	509,466	509,466	281,466 <sup>(1)</sup>
– Yan Hao and his spouse .....	–	–	404,800	–	399,600
– Chen Xin Ge and his spouse .....	–	–	254,800	–	249,600
(vi) Sales of properties to a related party					
– Yan Hao <sup>(2)</sup> .....	–	–	3,977	3,977	(3,977) <sup>(3)</sup>

*Notes:*

- (1) In June 2013, we acquired an aggregate 60% equity interest in Shanghai Jingxiu at a total consideration of RMB32.4 million and as such, Shanghai Jingxiu became a wholly-owned subsidiary of us. Shanghai Jingxiu does not qualify as a business upon the acquisition date, the substance of the transaction is the acquisition of assets of Shanghai Jingxiu.
- (2) As the current inconvenient procedural requirements for foreign residents to hold and dispose of properties in the PRC, Mr. Yan Hao subsequently returned the relevant property to the Group in May 2013 as he was in the process of applying for Hong Kong residency.
- (3) The property sold to Yan Hao was returned to us in May 2013.



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## FINANCIAL INFORMATION

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Our Directors confirmed that the related party transactions during the Track Record Period were all conducted based on normal commercial terms. We expect to settle and discontinue all the related party transactions prior to the Listing, except for the advances from Jingrui Properties (Group) to Changzhou Jingshang, our jointly controlled entity. The advances from Jingxiu Properties (Group) to Changzhou Jingshang were in the amount of RMB220.0 million as at June 30, 2013. Such advances were extended pursuant to the commitment made by us in a memorandum in connection with the incorporation of Changzhou Jingshang and were not determined in proportion of our shareholding in Changzhou Jingshang. These advances are intended to finance Changzhou Jingshang's operational purpose in certain property development which is under construction. For details as to the related party transactions during the Track Record Period, please see Note 37 to the Accountant's Report in Appendix I.

### PROPERTY INTERESTS AND PROPERTY VALUATION

DTZ Debenham Tie Leung Limited, an independent property valuer, has valued our property interests as at August 31, 2013 and is of the opinion that the aggregate value of our property interests as at such date was RMB17,513.0 million (with the value attributable to us was RMB16,047.5 million). Taking into account the property interests for which we had entered into the relevant land grant contracts but not obtained land use rights as of the Latest Practicable Date, the aggregate value of our property interests would increase by RMB3,421.0 million (with the value attributable to us of RMB3,214.0 million), amounting to RMB20,934.0 million (with the value attributable to us of RMB19,261.5 million). The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus.

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## FINANCIAL INFORMATION

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The statement below shows the reconciliation of aggregate amounts of certain properties as reflected in the audited consolidated financial information as at June 30, 2013 as set out in Appendix I to this prospectus with the valuation of these properties as at August 31, 2013 as set out in Appendix III to this prospectus.

	RMB million
<b>Net book value of the following properties as at June 30, 2013</b>	
– Investment properties .....	313
– Properties held or under development for sale.....	<u>9,299</u>
	<u><b>9,612</b></u>
Add: Additions of properties held or under development for sale during the period from July 1, 2013 to August 31, 2013 (unaudited) .....	1,649
Less: Transfer of properties held or under development for sale to cost of sales during the period from July 1, 2013 to August 31, 2013 (unaudited) .....	<u>(480)</u>
<b>Net book value as at August 31, 2013 (unaudited) .....</b>	<b>10,781</b>
<b>Net valuation surplus.....</b>	<b><u>4,923</u></b>
<b>Valuation of properties owned by our Group as at August 31, 2013.....</b>	<b>15,704</b>
Add: Valuation of Shanghai Fengxiang Project as at August 31, 2013 <sup>(1)</sup> .....	673
Add: Valuation of Changzhou Jingrui Dignity Mansion as at August 31, 2013 <sup>(2)</sup> .....	<u>1,136</u>
<b>Valuation of properties as at August 31, 2013 as set out in Appendix III to this prospectus .....</b>	<b><u>17,513</u></b>

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*Notes:*

- (1) The acquisition of Shanghai Fengxiang by our Group was substantially completed in September 2013 and Shanghai Fengxiang was not included in our consolidated financial statements as at August 31, 2013.
- (2) Changzhou Jingrui Dignity Mansion is developed by Changzhou Jingshang. Changzhou Jingshang is a jointly controlled entity of our Group and was accounted for using the equity method of accounting in our consolidated financial statements as at August 31, 2013.

### NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since June 30, 2013 and there is no event since June 30, 2013 which would materially affect the financial information as set out in the Accountant's Report in Appendix I.

### DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

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## FUTURE PLANS AND USE OF PROCEEDS

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### FUTURE PLANS

See the section “Business — Our Strategies” for a detailed description of our future plans.

### USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$4.84 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$1,421 million, after deduction of underwriting fees and commissions and estimated expenses payable for the Global Offering (excluding the amounts which had been accounted for by the Group up to June 30, 2013 and assuming no exercise of the Over-allotment Option).

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$4.84 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$228 million.

If the Offer Price is fixed at HK\$5.48 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK\$201 million.

If the Offer Price is fixed at HK\$4.20 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK\$200 million.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 90% (or approximately HK\$1,279 million) will be used for acquisitions of new projects or land for development in each of Nanjing, Suzhou, Hangzhou, Ningbo and Shaoxing. As at the Latest Practicable Date, we had not identified or committed to any acquisition targets;
- the remaining amount of approximately not more than 10% (or approximately HK\$142 million) will be used to provide funding for our working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range.

In the event that the Over-allotment Option is exercised in full, we intend to apply the additional net proceeds to the above uses in the proportions stated above.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds or if any amount of the proceeds will be used for general corporate purpose.

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## UNDERWRITING

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### HONG KONG UNDERWRITERS

#### *Joint Global Coordinators* (in alphabetical order)

Deutsche Bank AG, Hong Kong Branch

UBS AG, Hong Kong Branch

#### *Joint Bookrunners and Joint Lead Managers*

Deutsche Bank AG, Hong Kong Branch

UBS AG, Hong Kong Branch

Haitong International Securities Company Limited

BOCOM International Securities Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### *Hong Kong Public Offering*

##### **Hong Kong Underwriting Agreement**

The Hong Kong Underwriting Agreement was entered into on October 17, 2013. Pursuant to the Hong Kong Underwriting Agreement, we are offering initially 31,344,000 Hong Kong Offer Shares (subject to adjustment) for subscription by way of the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) 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; and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to apply or procure applications, on the terms and conditions of this prospectus and the related Application Forms, for the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offering.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Purchase Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

##### **Grounds for Termination**

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination by notice from the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) to the Company, if, at any time prior to 8:00 a.m. on the Listing Date:

- (a) there shall develop, occur, exist or come into effect:
  - (i) any local, national, regional or international event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national

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## UNDERWRITING

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or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism); or

- (ii) any change, or any development involving a prospective change, or any event or circumstance likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or
- (iii) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, or the Singapore Stock Exchange; or
- (iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in any securities of the Company or of any other member of the Group listed or quoted on a stock exchange or an over-the-counter market; or
- (v) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the Cayman Islands, the British Virgin Islands or the European Union (or any member thereof), or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or
- (vi) any new law, or any change or any development involving a prospective change or any event or circumstance likely to result in a change or a development involving a prospective change in (or in the interpretation or application by any court or other competent authority of) existing laws, in each case, in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands, the United Kingdom or the European Union (or any member thereof) (each a “**Relevant Jurisdiction**”); or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, the United States or the European Union (or any member thereof) on the PRC or any other jurisdiction relevant to any member of the Group; or
- (viii) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any Relevant Jurisdiction; or

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## UNDERWRITING

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- (ix) any litigation or claim of any third party being threatened or instigated against any member of the Group; or
- (x) an executive Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or
- (xi) Mr. Yan or Mr. Chen vacating any of his offices; or
- (xii) an authority or a political body or organization in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any Director; or
- (xiii) a contravention by any member of the Group of the Listing Rules or applicable laws; or
- (xiv) a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Shares (including the Shares that may be issued under the Over-allotment Option) pursuant to the terms of the Global Offering; or
- (xv) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (xvi) 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 offer and sale of the Shares) pursuant to the Companies Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xvii) an order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole opinion of the Joint Global Coordinators, (1) has or will have or may have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group as a whole; or (2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or (3) makes or will make or may make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or (4) has or will have or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

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## UNDERWRITING

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- (b) there has come to the notice of the Joint Global Coordinators:
- (i) that any statement contained in any of this prospectus, the Application Forms and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the “**Hong Kong Public Offering Documents**”) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the above documents is not fair and honest and based on reasonable assumptions; or
  - (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or in any notices or announcements issued by the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
  - (iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement (other than upon any of the Hong Kong Underwriters); or
  - (iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the Company or the Controlling Shareholders (as indemnifying parties) pursuant to the Hong Kong Underwriting Agreement; or
  - (v) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of the Group; or
  - (vi) any breach of, or any event or circumstance rendering untrue or incorrect in any material respect, any of the representations, warranties, agreements and undertakings given by any of the Company or the Controlling Shareholders under the Hong Kong Underwriting Agreement; or
  - (vii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
  - (viii) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering.

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## UNDERWRITING

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### UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

#### *Undertaking By us*

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within such period), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

#### *Undertaking By the Controlling Shareholders*

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that except pursuant to the Global Offering and the Over-allotment Option, he or it shall not and shall procure that the relevant registered holder(s) shall not:

- (a) in the period commencing from the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is 6 months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of the Company in respect of which he or it is shown in this prospectus to be the beneficial owner(s); and
- (b) in the period of six months commencing on the date on which the period referred to in paragraph (a) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities of the Company referred to in (a) 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 our Controlling Shareholder.

Pursuant to Note 3 to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has further undertaken to each of the Company and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of his/its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it will:

- (a) when he or it pledges or charges any Shares of the Company beneficially owned by him or it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of such securities of the Company so pledged or charged; and
- (b) when he or it receives any indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged Shares or securities will be disposed of, immediately inform us of any such indications.

We have agreed and undertaken to the Stock Exchange that, we shall inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of the Controlling Shareholders and disclose such matters by way of an announcement as soon as possible.



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## UNDERWRITING

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### UNDERTAKINGS PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

#### *Undertaking By us*

We have, pursuant to the Hong Kong Underwriting Agreement, undertaken to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors not to, and to procure each other member of the Group not to, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, except for the Capitalization Issue, the issue of Shares pursuant to the Pre-IPO Share Award Scheme prior to the Listing Date and the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six-Month Period**”):

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any shares of such other member of the Group, as applicable), or deposit any Shares or other securities of the Company or any shares or other securities of such other member of the Group, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of the Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (c) enter into any transaction with the same economic effect as any transaction specified in paragraph (a) or (b) above; or
- (d) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Shares or other securities of the Company or shares or other securities of such other member of the Group, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period). In the event that, during the period of six months commencing on the date on which the First Six-Month Period expires (the “**Second Six-Month Period**”), the Company enters into any of the transactions specified in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company. Each Controlling Shareholder undertakes to each of the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors to use its best endeavours to procure the Company to comply with the above undertakings.

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## UNDERWRITING

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### *Undertaking By Controlling Shareholders*

Each of BVI-1 and BVI-2 has undertaken to each of the Company, the Joint Global Coordinators, the Hong Kong Underwriters and the Joint Sponsors that, and each of Mr. Yan and Mr. Chen shall use his best endeavours to procure BVI-2 and BVI-1 respectively that, without the prior written consent of the Joint Sponsors and the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules (including without limitation Note (2) to Rule 10.07 of the Listing Rules):

- (a) it will not, at any time during the First Six-Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of the Company with a depository in connection with the issue of depository receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in sub-paragraph (a)(i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in sub-paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions specified in sub-paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);
- (b) it will not, during the Second Six-Month Period, enter into any of the transactions specified in sub-paragraph (a)(i), (ii) or (iii) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of the Company; and
- (c) until the expiry of the Second Six-Month period, in the event that it enters into any of the transactions specified in sub-paragraph (a)(i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it will take reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

### **HONG KONG UNDERWRITERS’ INTEREST IN OUR COMPANY**

Save for their obligations under the Hong Kong Underwriting Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters is interested legally or beneficially, directly or indirectly in any shares or securities in our Company or any other member of the Group or has any right or option (whether

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## UNDERWRITING

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legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any shares or securities in our Company or any other member of the Group. Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

### INTERNATIONAL OFFERING

#### *International Purchase Agreement*

In connection with the International Offering, we will enter into the International Purchase Agreement with the International Purchasers and the Joint Global Coordinators. Under the International Purchase Agreement, the International Purchasers, subject to certain conditions, will agree severally to purchase, or procure purchasers for, the International Offer Shares being offered pursuant to the International Offering.

Under the International Purchase Agreement, we have granted to the International Purchasers the Over-allotment Option, exercisable by the Joint Global Coordinators on behalf of the International Purchasers, in whole or in part at one or more times, at any time from the Listing Date until the 30th day after the last day for lodging applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 47,014,000 additional Shares, representing in aggregate not more than 15% of the maximum number of Offer Shares initially available under the Global Offering at the Offer Price, among other things, to cover over-allocations, if any, in the International Offering.

We will agree to indemnify the International Purchasers against certain liabilities, including liabilities under the U.S. Securities Act.

### UNDERWRITING COMMISSION AND LISTING EXPENSES

The Hong Kong Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price in respect of all of the Hong Kong Offer Shares. For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, if any, the International Purchasers will be paid an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Purchasers, but not the Hong Kong Underwriters. In addition, at the sole discretion of our Company, the Hong Kong Underwriters may also receive an incentive fee of up to 1.0% of the Offer Price for each Hong Kong Offer Share sold.

The aggregate commission and fees, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering which are currently estimated to be approximately HK\$108 million in aggregate (based on an Offer Price of HK\$4.84 per Share, being the mid-point of the stated price range of the Offer Price between HK\$4.20 and HK\$5.48 per Share (excluding the amounts which had been accounted for by the Group up to June 30, 2013 and assuming no exercise of the Over-allotment Option)) are to be payable by us.

### INDEPENDENCE OF JOINT SPONSORS

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

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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. The Global Offering comprises:

- (i) the Hong Kong Public Offering of 31,344,000 Offer Shares (subject to reallocation) in Hong Kong as described below in “— The Hong Kong Public Offering”; and
- (ii) the International Offering of initially 282,086,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in offshore transactions in reliance on Regulation S, and in the United States solely to QIBs as defined in Rule 144A pursuant to an exemption from registration under the U.S. Securities Act, as described below in “— The International Offering”.

In connection with the Global Offering, we intend to grant the Over-allotment Option to the International Purchasers, exercisable by the Joint Global Coordinators on behalf of the International Purchasers. The Over-allotment Option gives the Joint Global Coordinators the right exercisable at any time from the Listing Date up to the 30th day after the last day for lodging applications under the Hong Kong Public Offering to require us to allot and issue up to an aggregate of 47,014,000 additional Shares, representing 15% of the initial size of the Global Offering at the Offer Price to, among other things, cover over-allocations, if any, in the International Offering. In the event that the Over-allotment Option is exercised, a press announcement will be made.

Investors may either:

- (i) apply for the Hong Kong Offer Shares under the Hong Kong Public Offering; or
- (ii) apply for or indicate an interest for the International Offer Shares under the International Offering,

but may not do both.

The 313,430,000 Offer Shares in the Global Offering will represent approximately 25% of our enlarged share capital immediately after the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of our enlarged share capital immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme, the Global Offering and the exercise of the Over-allotment Option.

References to applications, application forms, application monies or procedure for applications relate solely to the Hong Kong Public Offering.

### THE HONG KONG PUBLIC OFFERING

We are initially offering 31,344,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the

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## STRUCTURE OF THE GLOBAL OFFERING

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Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering, assuming the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth below in “— Conditions of the Global Offering”.

### *Allocation*

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based 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. We may, if necessary, allocate the Hong Kong Offer Shares on the basis 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.

For allocation purposes only, the total number of the Offer Shares available under the Hong Kong Public Offering is to be divided equally into two pools:

- Pool A: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million (excluding the brokerage fee, the Stock Exchange trading fee and the SFC transaction levy payable) or less; and
- Pool B: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding the brokerage fee, the Stock Exchange trading fee and the SFC transaction levy payable) 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 the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the “subscription price” for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 15,672,000 Hong Kong Offer Shares are liable to be rejected.

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## STRUCTURE OF THE GLOBAL OFFERING

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### *Reallocation*

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. In accordance with the clawback requirements specified in paragraph 4.2 of Practice Note 18 to the Listing Rules, if the number of Offer 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, and (iii) 100 times or more of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering, the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Hong Kong Offer Shares will be increased to 94,030,000 Offer Shares (in the case of (i)), 125,372,000 Offer Shares (in the case of (ii)) and 156,716,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option).

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate. In addition, the Joint Global Coordinators shall have the discretion to reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering, regardless of whether any reallocation pursuant to paragraph 4.2 of Practice Note 18 of the Listing Rules is triggered.

If the Hong Kong Public Offering is not fully subscribed for, the Joint Global Coordinators have the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Joint Global Coordinators deem appropriate. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

### *Applications*

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he 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 International Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Joint Sponsors. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$5.48 per Hong Kong Offer Share in addition to the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share amounting to a total of HK\$5,535.23 for one board lot of 1,000 Shares. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation”, is less than the maximum price of HK\$5.48 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set forth below in the section “How to Apply for the Hong Kong Offer Shares”.

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## STRUCTURE OF THE GLOBAL OFFERING

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### THE INTERNATIONAL OFFERING

#### *Number of Offer Shares Initially Offered*

We will be initially offering for subscription under the International Offering 282,086,000 Offer Shares, representing approximately 90% of the Offer Shares under the Global Offering and approximately 22.5% of our enlarged issued share capital immediately after completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering assuming the Over-allotment Option is not exercised.

#### *Allocation*

The International Offering will involve private placements of the Offer Shares solely to QIBs in the United States pursuant to an exemption from registration under the U.S. Securities Act and to institutional and professional investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the International Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to the Price Determination Date.

Allocation of the International Offer Shares pursuant to the International Offering will be determined by the Joint Global Coordinators and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, 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 International Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of us and our shareholders as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offering.

#### *Reallocation*

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in “— The Hong Kong Public Offering — Reallocation” and/or the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering and/or any reallocation of Offer Shares from the International Offering to the Hong Kong Public Offering at the discretion of the Joint Global Coordinators.

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## STRUCTURE OF THE GLOBAL OFFERING

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### OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Purchasers, exercisable by the Joint Global Coordinators on behalf of the International Purchasers.

Pursuant to the Over-allotment Option, the International Purchasers have the right, exercisable by the Joint Global Coordinators on behalf of the International Purchasers at any time during the 30 day period from the last date for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to 15% of the total number of the Offer Shares under the Global Offering at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Shares to be issued pursuant thereto will represent approximately 3.6% of our issued share capital immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme, the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, an announcement will be made.

### STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of our Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, its affiliates or any persons acting for it, to conduct any such stabilizing action. Such stabilizing action, if taken, will be conducted at the absolute discretion of the Stabilizing Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering. Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares, (iii) purchasing or subscribing, for or agreeing to purchase or subscribe for, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.



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## STRUCTURE OF THE GLOBAL OFFERING

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Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;
- there is no certainty as to the extent to which and the time period for which the Stabilizing Manager, its affiliates or any person acting for it will maintain such a long position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;
- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date and is expected to expire on November 23, 2013, being the 30th day after the last day 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 the Offer Price by the taking of any stabilizing action; and
- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

### *Over-allocation*

Following any over-allocation of Shares in connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilizing Manager, its affiliates or any person acting for it in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

### **STOCK BORROWING AGREEMENT**

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow up to 47,014,000 Shares from BVI-2 pursuant to a stock borrowing agreement which is expected to be entered into between the Stabilizing Manager and BVI-2. The stock borrowing arrangements under the stock borrowing agreement, if entered into will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with.

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## STRUCTURE OF THE GLOBAL OFFERING

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### PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between us and the Joint Global Coordinators, on behalf of the Underwriters, on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around October 24, 2013 (Hong Kong time), and in any event, not later than October 29, 2013 (Hong Kong time). Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The Offer Price will not be more than HK\$5.48 and is expected to be not less than HK\$4.20, unless otherwise announced by no later than the morning of the last day for lodging applications under the Hong Kong Public Offering as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offering, you must pay the maximum offer price of HK\$5.48 per Offer Share, plus 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee. This means that for every board lot of 1,000 Shares, you should pay HK\$5,535.23 at the time of your application.

If the Offer Price, as finally determined in the manner described below, is lower than HK\$5.48, we will refund the respective difference, including the brokerage fee, Stock Exchange trading fee and SFC transaction levy attributable to the surplus application monies. We will not pay interest on any refunded amounts. Further details are set out in the section “How to Apply for the Hong Kong Offer Shares”.

The International Purchasers will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators, on behalf of the Hong Kong Underwriters, may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering publish a notice in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) of the reduction and posted on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on our website ([www.jingruis.com](http://www.jingruis.com)) (the contents of the website do not form part of this prospectus).

Upon issue of such a notice, the revised number of Offer Shares and/or offer price range will be final and conclusive and the Offer Price, if agreed upon by us and the Joint Global Coordinators (on behalf of the Underwriters), will be fixed within such revised offer price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. In

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## STRUCTURE OF THE GLOBAL OFFERING

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the absence of any such notice so published, the Offer Price, if agreed upon with the Company and the Joint Global Coordinators (on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, an indication of the level of interest in the International Offering, the basis of allotment of Offer Shares available under the Hong Kong Public Offering and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available in a variety of channels in the manner described in the section “How to Apply for the Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies.”

### UNDERWRITING AGREEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the Company and the Joint Global Coordinators, on behalf of the Underwriters, agreeing on the Offer Price.

We expect to enter into the International Purchase Agreement relating to the International Offering on the Price Determination Date. These underwriting arrangements, and the Hong Kong Underwriting Agreement and the International Purchase Agreement, are summarized in the section “Underwriting”.

### CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be made available pursuant to the exercise of the Over-allotment Option), the Capitalization Issue and the share issue under the Pre-IPO Share Award Scheme;
- (ii) the Offer Price being duly determined;
- (iii) the execution and delivery of the International Purchase Agreement on the Price Determination Date; and
- (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Purchasers under the International Purchase Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Purchase Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times). If, for any reason, the Offer Price is not agreed between the Company and the Joint Global Coordinators (on behalf of the Underwriters) on or before October 29, 2013, the Global Offering will not proceed and will lapse. The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering

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## STRUCTURE OF THE GLOBAL OFFERING

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becoming unconditional and not having been terminated in accordance with its 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 Hong Kong Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company in the South China Morning Post (in English), the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and on our website ([www.jingruis.com](http://www.jingruis.com)) on the next business day following such lapse. In such situation, all application monies will be returned, without interest, on the terms set forth in the section “How to Apply for the Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Hong Kong Banking Ordinance.

### DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on October 31, 2013, it is expected that dealings in our Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on October 31, 2013.

The Shares will be traded in board lots of 1,000 Shares each and the stock code of the Shares will be 01862.

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## HOW TO APPLY FOR THE 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 Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a WHITE or YELLOW Application Form;
- apply online via the White Form eIPO at [www.eipo.com.hk](http://www.eipo.com.hk); or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a WHITE or YELLOW Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the White Form eIPO service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Global Coordinators may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of White Form eIPO service for the Hong Kong Offer Shares.

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## HOW TO APPLY FOR THE 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 the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

### 3. APPLYING FOR HONG KONG OFFER SHARES

#### *Which Application Channel to Use*

For Hong Kong Offer Shares to be issued in your own name, use a WHITE Application Form or apply online through [www.eipo.com.hk](http://www.eipo.com.hk).

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a YELLOW Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### *Where to Collect the Application Forms*

You can collect a WHITE Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, October 21, 2013 till 12:00 noon on Thursday, October 24, 2013 from:

- (i) any of the following offices of the Hong Kong Underwriters:

Deutsche Bank AG, Hong Kong Branch  
Level 52, International Commerce Centre  
1 Austin Road West  
Kowloon  
Hong Kong

UBS AG, Hong Kong Branch  
52/F, Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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

BOCOM International Securities Limited  
9/F, Man Yee Building  
68 Des Voeux Road Central  
Hong Kong

(ii) any of the branches of the following receiving banks:

(a) Bank of China (Hong Kong) Limited

District	Branch	Address
Hong Kong Island	Bank of China Tower Branch Sheung Wan Branch	3/F, 1 Garden Road 252 Des Voeux Road Central
Kowloon	Kwun Tong Plaza Branch	G1 Kwun Tong Plaza, 68 Hoi Yuen Road, Kwun Tong

(b) Industrial and Commercial Bank of China (Asia) Limited

District	Branch	Address
Hong Kong Island	Hennessy Road Branch	Shop 2A, G/F & Basement Cameron Commercial Centre 468 Hennessy Road Causeway Bay
Kowloon	Hung Hom Branch	Shop 2A, G/F Hung Hom Shopping Mall 2-34E Tak Man Street Hung Hom
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road Tsuen Wan

(c) The Bank of East Asia, Limited

District	Branch	Address
Hong Kong Island	399 Hennessy Road Branch	G/F, Eastern Commercial Centre 399 Hennessy Road, Wanchai
Kowloon	Tsim Sha Tsui Branch	Shop A & B, Milton Mansion 96 Nathan Road
New Territories	Shatin Plaza Branch	Shop 3-4, Level 1 Shatin Plaza

You can collect a YELLOW Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, October 21, 2013 until 12:00 noon on Thursday, October 24, 2013 from the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong or from your stockbroker.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### Time for Lodging Application Forms

Your completed WHITE or YELLOW Application Form, together with a cheque or a banker's cashier order attached and marked payable to Bank of China (Hong Kong) Nominees Limited – Jingrui Holdings Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

**Monday, October 21, 2013 – 9:00 a.m. to 5:00 p.m.**  
**Tuesday, October 22, 2013 – 9:00 a.m. to 5:00 p.m.**  
**Wednesday, October 23, 2013 – 9:00 a.m. to 5:00 p.m.**  
**Thursday, October 24, 2013 – 9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, October 24, 2013, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the White Form eIPO service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Hong Kong Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Joint Global Coordinators, 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);



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- (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 Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, 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 the Company, the Joint Global Coordinators 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-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 Joint Global Coordinators 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 THE 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 White Form eIPO Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
- (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a WHITE or YELLOW Application Form or by giving electronic application instructions to HKSCC; and
  - (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

### **Additional Instructions for Yellow Application Form**

You may refer to the Yellow Application Form for details.

## **5. APPLYING THROUGH WHITE FORM eIPO SERVICE**

### **General**

Individuals who meet the criteria in “Who can apply” section, may apply through the White Form eIPO service for the Offer Shares to be allotted and registered in their own names through the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

Detailed instructions for application through the White Form eIPO service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the White Form eIPO service.

### **Time for Submitting Applications under the White Form eIPO**

You may submit your application through the White Form eIPO Service at [www.eipo.com.hk](http://www.eipo.com.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Monday, October 21, 2013 until 11:30 a.m. on Thursday, October 24, 2013 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, October 24, 2013 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

### **No Multiple Applications**

If you apply by means of White Form eIPO, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the White Form eIPO service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under White Form eIPO more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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If you are suspected of submitting more than one application through the White Form eIPO service or by any other means, all of your applications are liable to be rejected.

### Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, 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 Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

### Environmental Protection

The obvious advantage of White Form eIPO is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated White Form eIPO Service Provider, will contribute HK\$2 per each “**JINGRUI HOLDINGS LIMITED**” White Form eIPO application submitted via [www.eipo.com.hk](http://www.eipo.com.hk) to support the funding of “Source of DongJiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

## 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

### General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited  
Customer Service Center  
2/F Infinitus Plaza  
199 Des Voeux Road 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 Joint Global Coordinators and our Hong Kong Share Registrar.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a WHITE Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the WHITE Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
  - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
  - 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 Joint Global Coordinators 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 Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
  - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
  - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
  - agree that none of the Company, the Joint Global Coordinators, 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);

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Joint Global Coordinators, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of 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 Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public 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 the 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 Hong Kong Companies 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.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 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 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 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

**Monday, October 21, 2013 – 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>**  
**Tuesday, October 22, 2013 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>**  
**Wednesday, October 23, 2013 – 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>**  
**Thursday, October 24, 2013 – 8:00 a.m.<sup>(1)</sup> to 12:00 noon**

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*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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CCASS Investor Participants can input electronic application instructions from 9:00 a.m. on Monday, October 21, 2013 until 12:00 noon on Thursday, October 24, 2013 (24 hours daily, except on the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, October 24, 2013, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Hong Kong Companies Ordinance**

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

### **Personal Data**

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Joint Global Coordinators, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## **7. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the White Form eIPO service is also only a facility provided by the White Form eIPO Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Joint Bookrunners, the Joint Sponsors, the Joint Global Coordinators and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the White Form eIPO service will be allotted any Hong Kong Offer Shares.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of electronic application instructions, they should either (i) submit a WHITE or YELLOW Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Thursday, October 24, 2013.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a WHITE or YELLOW Application Form or by giving electronic application instructions to HKSCC or through White Form eIPO service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).



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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The WHITE and YELLOW Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a WHITE or YELLOW Application Form or through the White Form eIPO service in respect of a minimum of 1,000 Hong Kong Public Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.eipo.com.hk](http://www.eipo.com.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation”.

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 24, 2013. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, October 24, 2013 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, October 30, 2013 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the Company’s website at [www.jingrui.com](http://www.jingrui.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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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.jingruis.com](http://www.jingruis.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) by no later than 9:00 a.m. on Wednesday, October 30, 2013;
- from the designated results of allocations website at [www.iporesults.com.hk](http://www.iporesults.com.hk) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, October 30, 2013 to 12:00 midnight on Tuesday, November 5, 2013;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, October 30, 2013 to Saturday, November 2, 2013;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, October 30, 2013 to Friday, November 1, 2013 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or through White Form eIPO 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.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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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 Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the White Form eIPO service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- the Company or the Joint Global Coordinators 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\$5.48 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 Wednesday, October 30, 2013.

### 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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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, October 30, 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, October 31, 2013 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

### **Personal Collection**

#### **(i) If you apply using a WHITE Application Form**

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, October 30, 2013 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 Wednesday, October 30, 2013, 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 Wednesday, October 30, 2013, by ordinary post and at your own risk.

If you apply by using a YELLOW Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, October 30, 2013, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

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 Wednesday, October 30, 2013 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

### **(iii) If you apply through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, October 30, 2013, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, October 30, 2013 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### (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 Wednesday, October 30, 2013, or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Wednesday, October 30, 2013. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, October 30, 2013 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 Wednesday, October 30, 2013. 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 Wednesday, October 30, 2013.

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## HOW TO APPLY FOR THE HONG KONG OFFER SHARES

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### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

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



*The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the Hong Kong Institute of Certified Public Accountants.*



羅兵咸永道

21 October 2013

The Directors

Jingrui Holdings Limited

Deutsche Securities Asia Limited

UBS Securities Hong Kong Limited

Dear Sirs,

We report on the financial information of Jingrui Holdings Limited (the "Company") and its subsidiaries (together, the "Group") which comprises the consolidated balance sheets of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013, the balance sheet of the Company as at 30 June 2013, the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. The financial information has been prepared by the directors of the Company and is set out in Sections I to IV below for inclusion in Appendix I to the prospectus of the Company dated 21 October 2013 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company was incorporated in the Cayman Islands on 7 March 2013 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 group reorganisation as described in Note 1(b) of Section II headed "Group reorganisation" below, the Company became the holding company of the subsidiaries now comprising the Group (the "Reorganisation").

As at the date of this report, the Company has direct and indirect interests in the subsidiaries and jointly controlled entities as set out in Note 38 and Note 10 of Section II below. All of these companies are private companies, or if incorporated or established outside Hong Kong, have substantially the same characteristic as a Hong Kong incorporated private company.

No audited financial statements have been prepared by the Company as it is newly incorporated and has not involved in any significant business transactions since its date of incorporation, other than the Reorganisation. The audited financial statements of the other companies now comprising the Group as at the date of this report for which there are statutory audit requirements have been prepared in accordance with the relevant accounting principles generally accepted in their respective places of incorporation. The details of the statutory auditors of the subsidiaries are set out in Note 38 of Section II below.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods, in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) (the “Underlying Financial Statements”). The Underlying Financial Statements have been audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA pursuant to separate terms of engagement with the Company.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRSs.

The financial information has been prepared based on the Underlying Financial Statements, with no adjustment made thereon.

#### **DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION**

The directors of the Company are responsible for the preparation of the financial information that gives a true and fair view in accordance with HKFRSs, and for such internal control as the directors determine is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

#### **REPORTING ACCOUNTANT'S RESPONSIBILITY**

Our responsibility is to express an opinion on the financial information and to report our opinion to you. We carried out our procedures in accordance with the Auditing Guideline 3.340 “Prospectuses and the Reporting Accountant” issued by the HKICPA.

#### **OPINION**

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the Company as at 30 June 2013 and of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 and of the Group's results and cash flows for the Relevant Periods then ended.

#### **REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION**

We have reviewed the stub period comparative financial information set out in Sections I to III below included in Appendix I to the Prospectus which comprises the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2012 and a summary of significant accounting policies and other explanatory information (the “Stub Period Comparative Financial Information”).

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in Note 2 of Section II below.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of the Stub Period Comparative 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.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in Note 2 of Section II below.

## I FINANCIAL INFORMATION

The following is the financial information of the Group prepared by the directors of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013, and for each of the years ended 31 December 2010, 2011 and 2012 and each of the six months ended 30 June 2012 and 2013 (the "Financial Information").

## (a) Consolidated Balance Sheets

	Note	As at 31 December			As at 30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment . . . . .	7	16,961	18,089	14,941	15,230
Investment properties . . . . .	8	274,000	282,000	306,000	313,000
Intangible assets . . . . .	9	2,664	2,398	1,893	1,666
Investments in jointly controlled entities . . . . .	10	71,956	386,735	344,742	303,856
Deferred income tax assets . . . . .	23	201,388	215,605	166,170	129,940
Other non-current assets . . . . .		1,111	327	–	–
		<u>568,080</u>	<u>905,154</u>	<u>833,746</u>	<u>763,692</u>
<b>Current assets</b>					
Prepayments for leasehold land . . . . .	12	–	–	100,000	146,850
Properties held or under development for sale . . . . .	13	5,926,389	6,282,042	7,901,789	9,298,613
Trade and other receivables and prepayments . . . . .	14	779,982	1,823,782	874,702	942,072
Prepaid income taxes . . . . .		51,456	63,388	64,675	119,981
Financial assets at fair value through profit or loss . . . . .	11	594	12,013	5,129	134
Restricted cash . . . . .	16	435,757	1,093,037	701,743	562,465
Cash and cash equivalents . . . . .	16	1,530,446	863,351	673,988	981,094
		<u>8,724,624</u>	<u>10,137,613</u>	<u>10,322,026</u>	<u>12,051,209</u>
<b>Total assets . . . . .</b>		<u>9,292,704</u>	<u>11,042,767</u>	<u>11,155,772</u>	<u>12,814,901</u>
<b>OWNERS' EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital . . . . .	17	–	–	–	325
Share premium . . . . .	17	–	–	–	270,396
Other reserves and retained earnings . . . . .	18	1,535,094	1,651,372	1,846,626	1,382,385
		<u>1,535,094</u>	<u>1,651,372</u>	<u>1,846,626</u>	<u>1,653,106</u>
<b>Non-controlling interests . . . . .</b>		<u>136,246</u>	<u>344,102</u>	<u>254,903</u>	<u>207,175</u>
<b>Total equity . . . . .</b>		<u>1,671,340</u>	<u>1,995,474</u>	<u>2,101,529</u>	<u>1,860,281</u>

	Note	As at 31 December			As at 30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings .....	19	1,773,194	1,939,115	1,971,621	2,880,061
Deferred income tax liabilities .....	23	24,808	36,037	85,724	105,437
Trust loans related derivatives .....	20	—	—	—	25,898
		<u>1,798,002</u>	<u>1,975,152</u>	<u>2,057,345</u>	<u>3,011,396</u>
<b>Current liabilities</b>					
Trade and other payables .....	22	1,778,231	1,754,122	1,535,222	1,705,479
Advanced proceeds received from customers .....	21	2,124,146	2,469,961	2,765,446	3,782,882
Current income tax liabilities .....		715,904	821,196	685,620	670,099
Borrowings .....	19	<u>1,205,081</u>	<u>2,026,862</u>	<u>2,010,610</u>	<u>1,784,764</u>
		<u>5,823,362</u>	<u>7,072,141</u>	<u>6,996,898</u>	<u>7,943,224</u>
<b>Total liabilities .....</b>		<u>7,621,364</u>	<u>9,047,293</u>	<u>9,054,243</u>	<u>10,954,620</u>
<b>Total equity and liabilities .....</b>		<u>9,292,704</u>	<u>11,042,767</u>	<u>11,155,772</u>	<u>12,814,901</u>
<b>Net current assets .....</b>		<u>2,901,262</u>	<u>3,065,472</u>	<u>3,325,128</u>	<u>4,107,985</u>
<b>Total assets less current liabilities ..</b>		<u>3,469,342</u>	<u>3,970,626</u>	<u>4,158,874</u>	<u>4,871,677</u>

*(b) Balance Sheet of the Company*

	Note	As at 30 June 2013
		<u>RMB'000</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Interests in subsidiaries .....	15	1,384,580
<b>Current assets</b>		
Trade and other receivables and prepayments .....	14	4,142
<b>Total assets</b> .....		<u>1,388,722</u>
<b>OWNERS' EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Share capital .....	17	325
Share premium .....	17	270,396
Other reserves and accumulated losses .....	18	1,113,859
<b>Total equity</b> .....		<u>1,384,580</u>
<b>Current liabilities and total liabilities</b>		
Trade and other payables .....	22	4,142
<b>Total equity and liabilities</b> .....		<u>1,388,722</u>
<b>Net current assets</b> .....		<u>—</u>
<b>Total assets less current liabilities</b> .....		<u>1,384,580</u>

## (c) Consolidated Income Statements

	Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Revenue</b> .....	24	2,532,400	3,454,341	4,058,848	1,073,845	1,227,097
Cost of sales .....	27	(1,584,680)	(2,362,898)	(3,160,844)	(773,064)	(965,082)
<b>Gross profit</b> .....		947,720	1,091,443	898,004	300,781	262,015
Fair value gains on investment						
properties .....	8	4,000	8,000	24,000	9,000	7,000
Selling and marketing costs .....	27	(133,880)	(190,259)	(166,586)	(60,829)	(66,055)
Administrative expenses .....	27	(139,073)	(153,797)	(151,188)	(75,242)	(72,432)
Other income .....	25	2,096	1,718	2,998	1,360	920
Other (losses)/gains – net .....	26	(9,337)	(6,890)	(21,774)	3,882	191,253
<b>Operating profit</b> .....		671,526	750,215	585,454	178,952	322,701
Finance income .....	28	8,909	15,912	30,246	11,991	14,904
Finance costs .....	28	(17,214)	(11,128)	(12,057)	(6,568)	(2,425)
<b>Finance (costs)/income – net</b> .....		(8,305)	4,784	18,189	5,423	12,479
Share of results of jointly						
controlled entities .....	10	34,333	(1,981)	2,007	(1,549)	(2,687)
<b>Profit before income tax</b> .....		697,554	753,018	605,650	182,826	332,493
Income tax expense .....	31	(360,377)	(384,884)	(264,200)	(107,521)	(134,747)
<b>Profit for the year/period</b> .....		337,177	368,134	341,450	75,305	197,746
<b>Attributable to:</b>						
Equity holders of the Company ...		194,798	160,278	271,682	53,720	106,804
Non-controlling interests .....		142,379	207,856	69,768	21,585	90,942
		337,177	368,134	341,450	75,305	197,746
Earnings per share for profit						
attributable to equity holders						
of the Company						
– Basic and diluted .....	32	RMB37.4	RMB30.8	RMB52.1	RMB10.3	RMB20.5
Dividends .....	33	31,054	44,000	41,405	41,405	372,647

*(d) Consolidated Statements of Comprehensive Income*

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Profit for the year/period . . . . .</b>	337,177	368,134	341,450	75,305	197,746
<b>Other comprehensive income . . . . .</b>	—	—	—	—	—
<b>Total comprehensive income for the year/period . . . . .</b>	<u>337,177</u>	<u>368,134</u>	<u>341,450</u>	<u>75,305</u>	<u>197,746</u>
<b>Attributable to:</b>					
Equity holders of the Company . . . . .	194,798	160,278	271,682	53,720	106,804
Non-controlling interests . . . . .	<u>142,379</u>	<u>207,856</u>	<u>69,768</u>	<u>21,585</u>	<u>90,942</u>
	<u>337,177</u>	<u>368,134</u>	<u>341,450</u>	<u>75,305</u>	<u>197,746</u>



## (e) Consolidated Statements of Changes in Equity

	Attributable to equity holders of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings	Sub-total		
	RMB'000 (Note 17)	RMB'000 (Note 17)	RMB'000 (Note 18)	RMB'000 (Note 18)	RMB'000		
<b>Balance at 1 January 2010</b> . . . . .	-	-	950,590	409,747	1,360,337	332,965	1,693,302
<b>Total profit and comprehensive income for the year</b> . . . . .	-	-	-	194,798	194,798	142,379	337,177
<b>Transactions with owners</b>							
Capital contribution from non-controlling interests of subsidiaries . . . . .	-	-	-	-	-	60,000	60,000
Appropriations . . . . .	-	-	36,243	(36,243)	-	-	-
Dividends of subsidiaries . . . . .	-	-	-	(31,054)	(31,054)	(180,000)	(211,054)
Changes in ownership interests in subsidiaries without change of control . . . . .	-	-	11,013	-	11,013	(219,098)	(208,085)
	-	-	47,256	(67,297)	(20,041)	(339,098)	(359,139)
<b>Balance at 31 December 2010</b> . . . . .	-	-	997,846	537,248	1,535,094	136,246	1,671,340
<b>Balance at 1 January 2011</b> . . . . .	-	-	997,846	537,248	1,535,094	136,246	1,671,340
<b>Total profit and comprehensive income for the year</b> . . . . .	-	-	-	160,278	160,278	207,856	368,134
<b>Transactions with owners</b>							
Appropriations . . . . .	-	-	11,167	(11,167)	-	-	-
Dividends of subsidiaries . . . . .	-	-	-	(44,000)	(44,000)	-	(44,000)
	-	-	11,167	(55,167)	(44,000)	-	(44,000)
<b>Balance at 31 December 2011</b> . . . . .	-	-	1,009,013	642,359	1,651,372	344,102	1,995,474
<b>Balance at 1 January 2012</b> . . . . .	-	-	1,009,013	642,359	1,651,372	344,102	1,995,474
<b>Total profit and comprehensive income for the year</b> . . . . .	-	-	-	271,682	271,682	69,768	341,450
<b>Transactions with owners</b>							
Appropriations . . . . .	-	-	16,607	(16,607)	-	-	-
Dividends of subsidiaries . . . . .	-	-	-	(41,405)	(41,405)	(120,000)	(161,405)
Changes in ownership interests in subsidiaries without change of control . . . . .	-	-	(35,023)	-	(35,023)	(38,967)	(73,990)
	-	-	(18,416)	(58,012)	(76,428)	(158,967)	(235,395)
<b>Balance at 31 December 2012</b> . . . . .	-	-	990,597	856,029	1,846,626	254,903	2,101,529

	Attributable to equity holders of the Company				Sub-total	Non-controlling interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings			
	RMB'000 (Note 17)	RMB'000 (Note 17)	RMB'000 (Note 18)	RMB'000 (Note 18)	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2013</b> . . . . .	-	-	990,597	856,029	1,846,626	254,903	2,101,529
<b>Total profit and comprehensive income for the period</b> . . . . .	-	-	-	106,804	106,804	90,942	197,746
Dividends of subsidiaries . . . . .	-	-	-	(372,647)	(372,647)	(90,000)	(462,647)
Issuance of ordinary shares . . . . .	325	270,396	-	-	270,721	-	270,721
Capital contribution from Yan Hao and Chen Xin Ge (Note 18(b)) . .	-	-	312,780	-	312,780	220	313,000
Effect of the Reorganisation . . . . .	-	-	(495,598)	-	(495,598)	-	(495,598)
Changes in ownership interests in subsidiaries without change of control . . . . .	-	-	(15,580)	-	(15,580)	(48,890)	(64,470)
	325	270,396	(198,398)	(372,647)	(300,324)	(138,670)	(438,994)
<b>Balance at 30 June 2013</b> . . . . .	<b>325</b>	<b>270,396</b>	<b>792,199</b>	<b>590,186</b>	<b>1,653,106</b>	<b>207,175</b>	<b>1,860,281</b>
(Unaudited)							
<b>Balance at 1 January 2012</b> . . . . .	-	-	1,009,013	642,359	1,651,372	344,102	1,995,474
<b>Total profit and comprehensive income for the period</b> . . . . .	-	-	-	53,720	53,720	21,585	75,305
<b>Transactions with owners</b>							
Dividends of subsidiaries . . . . .	-	-	-	(41,405)	(41,405)	(120,000)	(161,405)
<b>Balance at 30 June 2012</b> . . . . .	<b>-</b>	<b>-</b>	<b>1,009,013</b>	<b>654,674</b>	<b>1,663,687</b>	<b>245,687</b>	<b>1,909,374</b>

## (f) Consolidated Cash Flow Statements

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Operating activities</b>					
Net cash (used in)/generated from					
operations (Note 34(a)) . . . . .	(59,021)	217,177	316,243	462,467	486,800
Interest paid . . . . .	(128,453)	(271,081)	(340,492)	(188,836)	(170,357)
PRC income tax paid . . . . .	(195,304)	(193,868)	(166,710)	(162,045)	(88,116)
PRC land appreciation tax paid . . . .	(71,913)	(100,644)	(135,231)	(95,974)	(81,684)
<b>Net cash (used in)/generated from operating activities . . . . .</b>	<b>(454,691)</b>	<b>(348,416)</b>	<b>(326,190)</b>	<b>15,612</b>	<b>146,643</b>
<b>Investing activities</b>					
Purchase of property, plant and equipment . . . . .	(9,191)	(6,425)	(2,575)	(1,090)	(3,668)
Purchase of intangible assets . . . . .	(300)	(496)	(324)	–	(215)
Proceeds from disposal of intangible assets . . . . .	–	–	2	–	–
Proceeds from disposal of property, plant and equipment (Note 34(c)) . . . . .	337	382	281	207	3,535
Dividend received from a jointly controlled entity . . . . .	–	–	34,400	–	9,600
Investment in a jointly controlled entity . . . . .	–	(316,760)	–	–	–
Amount due from non-controlling interests of a subsidiary . . . . .	(60,000)	(150,000)	–	–	(120,000)
Amount due from a related party . . .	–	–	–	–	(220,000)
Prepayment received in connection with the disposal of a subsidiary (Note 36(b)(ii)) . . . . .	–	–	10,000	–	–
Deposit paid in connection with the acquisition of a subsidiary (Note 39(a)) . . . . .	–	–	–	–	(50,000)
Deposit for establishment of a new subsidiary (Note 16(b)) . . . . .	–	–	–	–	(14,000)
Net cash outflow for acquisition of a subsidiary (Note 10(a)) . . . . .	–	–	–	–	(30,185)
Interest received . . . . .	8,909	15,912	30,246	11,991	11,202
<b>Net cash (used in)/ generated from investing activities . . . . .</b>	<b>(60,245)</b>	<b>(457,387)</b>	<b>72,030</b>	<b>11,108</b>	<b>(413,731)</b>

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Financing activities</b>					
Proceeds from borrowings . . . . .	2,051,846	2,789,734	4,038,310	1,073,453	2,197,927
Repayments of borrowings . . . . .	(602,081)	(1,802,032)	(4,022,055)	(1,492,873)	(1,490,463)
Amounts due to non-controlling interests of subsidiaries . . . . .	190,000	(46,800)	–	–	–
Dividends paid . . . . .	(211,054)	(44,000)	(41,405)	(12,365)	(297,000)
Capital contribution from non-controlling interests of a subsidiary . . . . .	60,000	–	–	–	–
Capital contribution from Yan Hao and Chen Xin Ge . . . . .	–	–	–	–	313,000
Decrease/(increase) in restricted cash relating to financing activities . . . . .	40,000	(758,194)	163,937	171,937	216,290
Changes in ownership interests in subsidiaries without change of control . . . . .	(208,085)	–	(73,990)	–	(64,470)
Payments for initial public offering fees . . . . .	–	–	–	–	(648)
Issuance of ordinary shares . . . . .	–	–	–	–	270,721
Consideration paid in connection with the Reorganisation (Note 1(b)) . . . . .	–	–	–	–	(571,163)
<b>Net cash generated from/(used in) financing activities . . . . .</b>	<b>1,320,626</b>	<b>138,708</b>	<b>64,797</b>	<b>(259,848)</b>	<b>574,194</b>
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>	<b>805,690</b>	<b>(667,095)</b>	<b>(189,363)</b>	<b>(233,128)</b>	<b>307,106</b>
Cash and cash equivalents at beginning of the year/period . . . . .	724,756	1,530,446	863,351	863,351	673,988
<b>Cash and cash equivalents at end of the year/period (Note 16) . . . . .</b>	<b>1,530,446</b>	<b>863,351</b>	<b>673,988</b>	<b>630,223</b>	<b>981,094</b>

**II NOTES TO THE FINANCIAL INFORMATION****1 GENERAL INFORMATION AND GROUP REORGANISATION****(a) General information**

Jingrui Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2013 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. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development business (the "Listing Business") in the People's Republic of China (the "PRC").

**(b) Group reorganisation**

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the Listing Business was operated through Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司, formerly named as Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司)) ("Jingrui Properties (Group)") and its subsidiaries. Jingrui Properties (Group), a joint stock company incorporated under the law of the PRC, was effectively owned as to 38.26% by Yan Hao (37.46% owned through Yangpu Saiente Science and Technology Industry Co., Ltd. (洋浦賽恩特科技實業有限公司) ("Yangpu Saiente"), a PRC company wholly owned by Yan Hao, and 0.80% directly owned by Yan Hao), 37.13% by Chen Xin Ge (36.62% owned through Yangpu Wanbaolong Industry Co., Ltd. (洋浦萬寶隆實業有限公司) ("Yangpu Wanbaolong"), a PRC company wholly owned by Chen Xin Ge, and 0.51% directly owned by Chen Xin Ge), 20.3% by EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) ("Tianjin Yi An"), and the remaining 4.31% by other nine individual shareholders respectively before the Reorganisation.

In preparation for listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

- (i) On 7 January 2013, Decent King Limited was incorporated in the British Virgin Islands (the "BVI") with an authorised share capital of 50,000 shares with a par value of US\$1.00 each, all of which were allotted and issued to Chen Xin Ge and credited as fully paid.
- (ii) On 9 January 2013, Natural Apex Limited was incorporated in the BVI with an authorised share capital of 50,000 shares with a par value of US\$1.00 each, all of which were allotted and issued to the Company and credited as fully paid on 21 March 2013. As a result, Natural Apex Limited became a wholly owned subsidiary of the Company.
- (iii) On 5 February 2013, Sincere Paragon Limited was incorporated in Hong Kong with an authorised share capital of HK\$ 10,000 divided into 10,000 shares with a par value of HK\$1.00. Upon its incorporation, one ordinary share of HK\$1.00 was allotted and issued to the initial subscriber as fully paid, which was then transferred to Natural Apex Limited on 21 March 2013. On 21 March 2013, the authorised and issued share capital of Sincere Paragon Limited increased to HK\$380,000 divided into 380,000 shares with a par value of HK\$1.00. The additional 379,999 ordinary shares of HK\$379,999 were all allotted and issued to Natural Apex Limited on 21 March 2013 as fully paid. As a result, Sincere Paragon Limited became a wholly owned subsidiary of Natural Apex Limited.
- (iv) On 6 February 2013, Beyond Wisdom Limited was incorporated in the BVI with an authorised share capital of 50,000 shares with a par value of US\$1.00 each, all of which were allotted and issued to Yan Hao and credited as fully paid.
- (v) On 7 March 2013, the Company was incorporated in the Cayman Islands with an authorised share capital of US\$50,000 divided into 50,000 shares with a par value of US\$ 1.00 each. Upon its incorporation, one ordinary share of US\$1.00 was allotted and issued to the sole subscriber and then was transferred to Beyond Wisdom Limited. On the same date, the Company further allotted and issued 24,999 and 25,000 ordinary shares to Beyond Wisdom Limited and Decent King Limited respectively at a total consideration of US\$43,507,822.65, which has been fully paid in April 2013.
- (vi) Pursuant to the share transfer agreements dated 20 March 2013, Yangpu Saiente acquired the 0.80% equity interests in Jingrui Properties (Group) from Yan Hao and Yangpu Wanbaolong acquired the 0.51% equity interests in Jingrui Properties (Group) from Chen Xin Ge, respectively.
- (vii) Pursuant to the share transfer agreements dated 6 April 2013, Yangpu Saiente and Yangpu Wanbaolong acquired the aggregate 4.31% equity interests in Jingrui Properties (Group) from the other nine individual shareholders.

- (viii) Pursuant to a sale and purchase agreement dated 2 April 2013 between Natural Apex Limited and Jingrui Properties Co., Ltd. (a third party company incorporated in the Cayman Islands), Natural Apex Limited acquired the entire issued share capital, namely one ordinary share with nominal value of US\$10 of Jingrui HK Holdings Limited (“EI Hong Kong”), and an interest-free shareholder’s loan with a principal of US\$68,201,146.34 of EI Hong Kong from Jingrui Properties Co., Ltd., at a total consideration of US\$41,500,000. EI Hong Kong is the sole shareholder of Equity International Urban Facilities Development (Tianjin) Co., Ltd. (權益城市設施開發(天津)有限公司) (“Quan Yi Tianjin”), which in turn is the sole shareholder of Tianjin Yi An. Both Quan Yi Tianjin and Tianjin Yi An are limited liabilities companies established in the PRC. EI Hong Kong, Quan Yi Tianjin and Tianjin Yi An have no other business other than the holding of 20.3% equity interests in Jingrui Properties (Group). Upon completion of the acquisition, EI Hong Kong, Quan Yi Tianjin and Tianjin Yi An became wholly owned subsidiaries of Natural Apex Limited. The consideration of US\$41,500,000 has been fully paid by Natural Apex Limited in May 2013.
- (ix) On 19 April 2013, the authorised capital of the Company was subdivided from 50,000 shares with a par value of US\$1.00 each to 5,000,000 shares with a par value of US\$0.01 each, and the authorised capital was increased from US\$50,000.00 to US\$52,117.35 divided into 5,211,735 shares with a par value of US\$0.01 each.
- On the same date, the Company allotted and issued 211,735 shares at US\$2,117.35 with a par value of US\$0.01 each to the other nine individual shareholders, and Decent King Limited transferred 27,802 shares out of its 2,500,000 shares of the Company to Beyond Wisdom Limited.
- (x) On 17 April 2013, Hainan Jingshang Commercial Management Co., Ltd. (海南景尚商業管理有限公司) was established in the PRC as a wholly owned subsidiary of Sincere Paragon Limited.
- (xi) On 14 May 2013, Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司) was established in the PRC as a wholly owned subsidiary of Hainan Jingshang Commercial Management Co., Ltd..
- (xii) Pursuant to the share transfer agreements dated 15 May 2013 with each of Yangpu Wanbaolong and Yangpu Saiente, Hainan Jingshen Investment Management Co., Ltd. acquired the 39.65% equity interests in Jingrui Properties (Group) owned by Yangpu Wanbaolong at a consideration of RMB155,708,700, and acquired the 40.05% equity interests in Jingrui Properties (Group) owned by Yangpu Saiente at a consideration of RMB157,291,730. The considerations have been fully paid by Hainan Jingshen Investment Management Co., Ltd. in June 2013.

Upon completion of the Reorganisation, the Company became the holding company of the Group.

The Company’s direct and indirect interests in its subsidiaries as at the date of this report are set out in Note 38.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Financial Information are set out below. These policies have been consistently applied to the years and periods presented, unless otherwise stated.

### 2.1 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business is held by Jingrui Properties (Group) and conducted through Jingrui Properties (Group) and its subsidiaries. Pursuant to the Reorganisation, Jingrui Properties (Group) and the Listing Business are transferred to and held by the Company. The Company and its other subsidiaries have not been involved in any business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business. Accordingly, the consolidated financial information of the companies comprising the Group is presented using the carrying values of the Listing Business under Jingrui Properties (Group) for all the years and periods presented.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

The Financial Information has been prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”) under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, derivative instruments and investment properties, which are carried at fair value.

The preparation of the Financial Information in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 5.

The Financial Information is presented in thousands of Renminbi (“RMB’000”) unless otherwise stated.

Up to the date of issue of this report, the HKICPA has issued the following new standard and amendments which are relevant to the Group’s operations but are not yet effective for the annual accounting period beginning on 1 January 2013 and which have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
HKAS 32 (Amendment) . . . . .	“Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities”	1 January 2014
HKFRS 9 . . . . .	“Financial Instruments”	1 January 2015
HKFRS 7 and HKFRS 9 (Amendment) . . . . .	“Mandatory Effective Date and Transition Disclosures”	1 January 2015

The management is in the process of assessing the impact of these new standard and amendments on the Financial Information of the Group. The adoption of the above is currently not expected to have a material impact on the Financial Information of the Group other than disclosure changes.

## 2.2 *Subsidiaries*

### 2.2.1 **Consolidation**

The Financial Information incorporated the assets and liabilities of all subsidiaries of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013, and the results of all subsidiaries for the relevant years and periods then ended, presented on the basis of preparation as described in Note 2.1.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group or to Jingrui Properties (Group) prior to the completion of the Reorganisation. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (a) *Business combinations*

The Group applies the acquisition method as described below to account for business combinations, except for the Reorganisation which has been accounted for as stated in Note 2.1 above.

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the Group’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held equity interest measured is less than the fair value of the identifiable net assets of the subsidiary acquired as in the case of a bargain purchase, the difference is recognised directly in the consolidated income statements.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### 2.2.2 Separate financial statements

In the Company's balance sheets, the investments in subsidiaries are stated at cost less impairment (Note 15). Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

### 2.3 Jointly controlled entities

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture gives the parties rights to the net assets or outcome of the arrangement. A joint venturer does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint venturers share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. In contrast, a joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

All the jointly controlled entities of the Group are joint ventures established as a corporation, partnership or other entity.

Investment in a jointly controlled entity is accounted for using the equity method of accounting and is initially recognised at cost. The consolidated income statements include the Group's share of the post-acquisition results of jointly controlled entities, and the consolidated balance sheets include the Group's share of the net assets of the jointly controlled entities and goodwill identified on acquisition net of any accumulated impairment losses.

### 2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors who make strategic decisions.

### 2.5 Foreign currency translation

(a) **Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the Financial Information is presented in RMB, which is the functional currency of the Company and the presentation currency of the Group.

(b) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.



Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statements within 'Finance income or costs'. All other foreign exchange gains and losses are presented in the consolidated income statements within 'Other gains/(losses) – net'.

**(c) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet of the companies comprising the Group are translated at the date of that balance sheet;
- (ii) income and expenses for each income statement and statement of comprehensive income of the companies comprising the Group are translated at average exchange rate; and
- (iii) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

**2.6 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the consolidated income statements during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs less their residual values over their estimated useful lives, as follows:

– Motor vehicles . . . . .	6 years
– Furniture, fittings and equipment . . . . .	5 years
– Leasehold improvements and others . . . . .	5 years
– Office buildings . . . . .	20-30 years

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "Other gains/(losses) – net" in the consolidated income statements.

**2.7 Investment properties**

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statements as fair value gains or losses on investment properties.

The investment properties of the Group are held with a business model to consume substantially all of the economic benefits embodied in the invested properties over the time, rather than through sale.

## 2.8 Intangible assets

Intangible assets of the Group mainly comprise acquired computer software which is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

## 2.9 Impairment of investments in subsidiaries, jointly controlled entities and other non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.10 Properties held or under development for sale

Properties held or under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties held or under development consist of costs of leasehold land, resettlement costs (if any), construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

## 2.11 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.7).

## 2.12 Financial assets

### 2.12.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### (a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

#### (b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets. The Group's loans and receivables comprise certain items in "Trade and other receivables and prepayments" and bank deposits included in "Cash and cash equivalents" and "Restricted cash" in the consolidated balance sheets.

### 2.12.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statements. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

### **2.12.3 Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statements. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statements.

### **2.13 Derivative financial instruments**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statements.

### **2.14 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### **2.15 Trade and other receivables**

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### **2.16 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted cash is excluded from cash and cash equivalents.

### **2.17 Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **2.18 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within twelve months after the reporting period (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### 2.19 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statements over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fees are capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### 2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statements, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and jointly controlled entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### (b) Deferred income tax

##### *Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, and the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

##### *Outside basis differences*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and jointly controlled entities, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### (c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.21 Employee benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administered funds managed by the PRC government.

The contributions are recognised as employee benefit expenses when they are due.

### **2.22 Provisions and contingent liabilities**

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Financial Information. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

### **2.23 Financial guarantee liabilities**

Financial guarantee liabilities are recognised in respect of the financial guarantees provided by the Group to the banks.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the consolidated balance sheets when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

### **2.24 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

#### **(a) Sales of properties**

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

#### **(b) Rental income**

Rental income from properties being let under operating leases is recognised on a straight line basis over the lease terms.

#### **(c) Service income**

Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectibility of the related receivables is reasonably assured.

**2.25 Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

**2.26 Dividend income**

Dividend income is recognised when the right to receive payment is established.

**2.27 Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statements over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

**2.28 Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statements on a straight-line basis over the period of the lease.

**2.29 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

**3 FINANCIAL RISK MANAGEMENT**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

**3.1 Market risk****(a) Foreign exchange risk**

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. In addition, the majority of the Group's assets and liabilities are denominated in RMB. Accordingly, the Group is not exposed to significant foreign currency risk.

**(b) Cash flow and fair value interest rate risk**

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with stable interest rates, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from bank and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 19.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax profit and capitalised interest for the years ended 31 December 2010, 2011 and 2012, and for the six months ended 30 June 2012 and 2013 would have changed as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Post-tax profit increase/(decrease)					
– 50 basis points higher . . . . .	(2,230)	(113)	(293)	(247)	(136)
– 50 basis points lower . . . . .	2,230	113	293	247	136
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Capitalised interest increase/(decrease)					
– 50 basis points higher . . . . .	8,568	13,166	10,820	5,179	3,409
– 50 basis points lower . . . . .	(8,568)	(13,166)	(10,820)	(5,179)	(3,409)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 3.2 Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of bank deposits and trade and other receivables included in the consolidated balance sheets represent the Group's maximum exposure to credit risk in relation to its financial assets.

Cash transactions are limited to high-credit-quality financial institutions. The table below shows the bank deposit balances as at 31 December 2010, 2011 and 2012 and 30 June 2013:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Counter party</b>				
Deposits in the four major state-owned banks of the PRC. . . . .	1,089,132	632,841	495,331	660,730
Deposits in other listed banks of the PRC. . . . .	554,443	577,593	329,863	535,063
Deposits in other banks . . . . .	322,144	745,157	550,141	346,478
	<u>1,965,719</u>	<u>1,955,591</u>	<u>1,375,335</u>	<u>1,542,271</u>

Management does not expect any losses from non-performance of these counterparties.

The Group has policies in place to ensure that sales of properties are made to buyers with an appropriate financial strength and appropriate percentage of down payment. Meanwhile, the Group has the right to cancel the sales contract in the event that the buyers default in payment, and put the underlying properties back to the market for sale. Therefore, the credit risk from sales of properties is limited. Credit is normally granted to anchor tenants with sufficient financial strength. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Other receivables mainly comprise receivables from related parties and deposits made in the ordinary course of business. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any risk of default.

### 3.3 Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 31 December 2010</b>					
Borrowings, principal (Note 19) . . . .	1,205,081	640,000	944,140	189,054	2,978,275
Interest payments on borrowings (note) . . . . .	179,374	107,151	66,232	51,977	404,734
Trade and other payables . . . . .	1,671,806	–	–	–	1,671,806
Financial guarantees (Note 36) . . . . .	507,838	–	–	–	507,838
	<u>3,564,099</u>	<u>747,151</u>	<u>1,010,372</u>	<u>241,031</u>	<u>5,562,653</u>
<b>As at 31 December 2011</b>					
Borrowings, principal (Note 19) . . . .	2,026,862	853,040	903,000	183,075	3,965,977
Interest payments on borrowings (note) . . . . .	227,006	113,581	153,269	45,761	539,617
Trade and other payables . . . . .	1,660,587	–	–	–	1,660,587
Financial guarantees (Note 36) . . . . .	764,384	–	–	–	764,384
	<u>4,678,839</u>	<u>966,621</u>	<u>1,056,269</u>	<u>228,836</u>	<u>6,930,565</u>
<b>As at 31 December 2012</b>					
Borrowings, principal (Note 19) . . . .	2,010,610	824,890	970,000	176,731	3,982,231
Interest payments on borrowings (note) . . . . .	274,192	137,990	100,130	40,041	552,353
Trade and other payables . . . . .	1,462,781	–	–	–	1,462,781
Financial guarantees (Note 36) . . . . .	1,771,006	–	–	–	1,771,006
	<u>5,518,589</u>	<u>962,880</u>	<u>1,070,130</u>	<u>216,772</u>	<u>7,768,371</u>
<b>As at 30 June 2013</b>					
Borrowings, principal (Note 19) . . . .	1,784,764	1,851,431	898,121	130,509	4,664,825
Interest payments on borrowings (note) . . . . .	357,514	167,116	35,721	48,963	609,314
Trade and other payables . . . . .	1,630,237	–	–	–	1,630,237
Financial guarantees (Note 36) . . . . .	2,114,882	–	–	–	2,114,882
	<u>5,887,397</u>	<u>2,018,547</u>	<u>933,842</u>	<u>179,472</u>	<u>9,019,258</u>

*note:* The interest on borrowings is calculated based on borrowings held as at 31 December 2010, 2011 and 2012 and 30 June 2013. Floating-rate interests are estimated using the current interest rate as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively.

### 3.4 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and deposits pledged for borrowings. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt.



The gearing ratios at 31 December 2010, 2011 and 2012 and 30 June 2013 were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings . . . . .	2,978,275	3,965,977	3,982,231	4,664,825
Less: Cash and cash equivalents . . . . .	(1,530,446)	(863,351)	(673,988)	(981,094)
Restricted cash				
– deposits pledged for borrowings . . . . .	–	(758,194)	(594,257)	(466,467)
Net debt . . . . .	1,447,829	2,344,432	2,713,986	3,217,264
Total equity . . . . .	1,671,340	1,995,474	2,101,529	1,860,281
Total capital . . . . .	3,119,169	4,339,906	4,815,515	5,077,545
Gearing ratio . . . . .	46%	54%	56%	63%

#### 4 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets at fair value through profit or loss</b>				
31 December 2010 . . . . .	594	–	–	594
31 December 2011 . . . . .	12,013	–	–	12,013
31 December 2012 . . . . .	5,129	–	–	5,129
30 June 2013 . . . . .	134	–	–	134
<b>Trust loans related derivatives</b>				
31 December 2010 . . . . .	–	–	–	–
31 December 2011 . . . . .	–	–	–	–
31 December 2012 . . . . .	–	–	–	–
30 June 2013 . . . . .	–	–	25,898	25,898

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

### 5.1 *Development costs directly attributable to property development activities*

The Group allocates portions of land and development costs to properties held and under development for sale. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

### 5.2 *Provision for impairment of properties held or under development for sale*

The management makes provision for impairment of properties held or under development for sale based on the estimate of the recoverable amount of the properties. Given the volatility of the property market in the PRC, the actual recoverable amount may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

### 5.3 *Land appreciation tax of the PRC*

The Group is subject to land appreciation tax in the PRC. However, since the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation tax. The Group recognises the land appreciation tax based on management's best estimates according to its understanding of the interpretation of tax rules and latest practice of local tax jurisdictions in the cities where the Group's projects are located. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the current income tax and the deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

### 5.4 *Current and deferred income tax*

The Group is subject to corporate income tax in the PRC. Significant judgement is required in determining the provision for corporate income tax. There are transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that we initially recorded, such difference will impact the current income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

### 5.5 *Fair value of investment properties*

The best evidence of fair value is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the management determines the amount within a range of reasonable fair value estimates. In making its estimation, the management considers information from a variety of sources including:

- (a) Current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (b) Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and,
- (c) Discounted cash flow projections based on reliable estimates of future cash flows, derived from the term of any existing lease and other contract and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessment of the uncertainty in the amount and timing of the cash flows.

The Group assesses the fair value of its investment properties based on valuations determined by independent professional qualified valuers, which were based on investment approach and by reference to comparable price in an active market.

At the end of the reporting period, the key assumptions used by the directors in determining fair value were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
Terminal yield . . . . .	4.5%	4.5%	4.5%	4.5%
Capitalisation rate . . . . .	5.0%	5.0%	5.0%	5.0%

The following table shows the sensitivity of the fair value of the investment properties to the key assumptions with the directors' estimates to increase or decrease by 10%.

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Investment properties increase/(decrease)				
– 10 percent increase in capitalisation rate and terminal yield . . . . .	(19,000)	(19,000)	(20,000)	(21,300)
– 10 percent decrease in capitalisation rate and terminal yield . . . . .	<u>21,000</u>	<u>22,000</u>	<u>24,000</u>	<u>24,300</u>

#### 5.6 Fair value of trust loans related derivatives

The Group assesses the fair value of the embedded derivatives inspect of the floating premiums in the trust loans based on valuations determined by independent professional qualified valuers, which were estimated by using the discounted cash flow method. The discounted cash flow projections are based on reliable discounted estimates of future cash flows, derived from operation data of the projects such as volatility, property selling prices, net profit and property development plan of the projects estimated by the management, and using discount rates that reflect current market assessment of uncertainty in the amount and timing of the cash flows.

Where the actual future operation data and property development plan varies, a material adjustment on the fair value of trust loans related derivatives may arise. When estimating the fair value of trust loans related derivatives with reference to the valuation report, management has exercised its judgement and is satisfied that the method of valuation is reflective of its best estimation.

## 6 SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group manages its business by two operating segments based on their products and services, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment:

- Property development segment engages in real estate development in the PRC;
- Property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties in the PRC.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before income tax. The measurement basis excludes the effects of income tax expense.

Year ended 31 December 2010					
	Property development	Property investment and management	Total segment	Elimination	Total Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue . . . . .	2,491,926	63,175	2,555,101	(22,701)	2,532,400
Segment profit before income tax expense . . . . .	685,341	12,213	697,554	–	697,554
Finance income . . . . .	8,889	20	8,909	–	8,909
Finance costs . . . . .	(16,912)	(302)	(17,214)	–	(17,214)
Share of results of jointly controlled entities . . . . .	34,333	–	34,333	–	34,333
Depreciation and amortisation . . . . .	(4,281)	(460)	(4,741)	–	(4,741)
A reconciliation to profit for the year is as follows:					
Total segment profits before income tax expense . . . . .					697,554
Income tax expense . . . . .					(360,377)
Profit for the year . . . . .					337,177

As at 31 December 2010					
	Property development	Property investment and management	Total segment	Elimination	Total Group
Segment assets . . . . .	8,996,262	525,042	9,521,304	(228,600)	9,292,704
Segment assets include:					
Investments in jointly controlled entities . . . . .	71,956	–	71,956	–	71,956
Additions to property, plant and equipment . . . . .	8,466	725	9,191	–	9,191
Segment liabilities . . . . .	7,545,788	136,116	7,681,904	(60,540)	7,621,364

Year ended 31 December 2011					
	Property development	Property investment and management	Total segment	Elimination	Total Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue . . . . .	3,404,230	86,969	3,491,199	(36,858)	3,454,341
Segment profit before income tax expense . . . . .	737,591	15,427	753,018	–	753,018
Finance income . . . . .	15,830	82	15,912	–	15,912
Finance costs . . . . .	(10,228)	(900)	(11,128)	–	(11,128)
Share of results of jointly controlled entities . . . . .	(1,981)	–	(1,981)	–	(1,981)
Depreciation and amortisation . . . . .	(5,330)	(531)	(5,861)	–	(5,861)
A reconciliation to profit for the year is as follows:					
Total segment profits before income tax expense . . . . .					753,018
Income tax expense . . . . .					(384,884)
Profit for the year . . . . .					368,134

## As at 31 December 2011

Segment assets . . . . .	<u>10,742,256</u>	<u>1,092,702</u>	<u>11,834,958</u>	<u>(792,191)</u>	<u>11,042,767</u>
Segment assets include:					
Investments in jointly controlled entities . . . . .	386,735	–	386,735	–	386,735
Additions to property, plant and equipment . . . . .	<u>5,645</u>	<u>780</u>	<u>6,425</u>	<u>–</u>	<u>6,425</u>
Segment liabilities . . . . .	<u>8,568,896</u>	<u>640,568</u>	<u>9,209,464</u>	<u>(162,171)</u>	<u>9,047,293</u>

## Year ended 31 December 2012

	<b>Property development</b>	<b>Property investment and management</b>	<b>Total segment</b>	<b>Elimination</b>	<b>Total Group</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Segment revenue . . . . .	<u>3,999,070</u>	<u>119,818</u>	<u>4,118,888</u>	<u>(60,040)</u>	<u>4,058,848</u>
Segment profit before income tax expense . . . . .	602,105	11,991	614,096	(8,446)	605,650
Finance income . . . . .	29,000	1,246	30,246	–	30,246
Finance costs . . . . .	(12,057)	–	(12,057)	–	(12,057)
Share of results of jointly controlled entities . . . . .	2,007	–	2,007	–	2,007
Depreciation and amortisation . . . . .	<u>(5,405)</u>	<u>(708)</u>	<u>(6,113)</u>	<u>–</u>	<u>(6,113)</u>
A reconciliation to profit for the year is as follows:					
Total segment profits before income tax expense . . . . .					605,650
Income tax expense . . . . .					<u>(264,200)</u>
Profit for the year . . . . .					<u>341,450</u>

## As at 31 December 2012

Segment assets . . . . .	<u>10,809,989</u>	<u>1,921,613</u>	<u>12,731,602</u>	<u>(1,575,830)</u>	<u>11,155,772</u>
Segment assets include:					
Investments in jointly controlled entities . . . . .	344,742	–	344,742	–	344,742
Additions to property, plant and equipment . . . . .	<u>1,228</u>	<u>1,347</u>	<u>2,575</u>	<u>–</u>	<u>2,575</u>
Segment liabilities . . . . .	<u>8,681,349</u>	<u>1,467,418</u>	<u>10,148,767</u>	<u>(1,094,524)</u>	<u>9,054,243</u>

## Six months ended 30 June 2012 (unaudited)

	<b>Property development</b>	<b>Property investment and management</b>	<b>Total segment</b>	<b>Elimination</b>	<b>Total Group</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Segment revenue . . . . .	<u>1,049,156</u>	<u>35,882</u>	<u>1,085,038</u>	<u>(11,193)</u>	<u>1,073,845</u>
Segment profit before income tax expense . . . . .	181,381	1,445	182,826	–	182,826
Finance income . . . . .	11,943	48	11,991	–	11,991
Finance costs . . . . .	(6,548)	(20)	(6,568)	–	(6,568)
Share of results of jointly controlled entities . . . . .	(1,549)	–	(1,549)	–	(1,549)
Depreciation and amortisation . . . . .	<u>(2,756)</u>	<u>(340)</u>	<u>(3,096)</u>	<u>–</u>	<u>(3,096)</u>
A reconciliation to profit for the period is as follows:					
Total segment profits before income tax expense . . . . .					182,826
Income tax expense . . . . .					<u>(107,521)</u>
Profit for the period . . . . .					<u>75,305</u>

As at 30 June 2012 (unaudited)					
Segment assets . . . . .	<u>10,854,828</u>	<u>1,459,161</u>	<u>12,313,989</u>	<u>(1,085,311)</u>	<u>11,228,678</u>
Segment assets include:					
Investments in jointly controlled entities . . . . .	385,186	–	385,186	–	385,186
Additions to property, plant and equipment . . . . .	<u>235</u>	<u>855</u>	<u>1,090</u>	<u>–</u>	<u>1,090</u>
Segment liabilities . . . . .	<u>8,726,533</u>	<u>1,027,353</u>	<u>9,753,886</u>	<u>(434,582)</u>	<u>9,319,304</u>

Six months ended 30 June 2013					
	Property development	Property investment and management	Total segment	Elimination	Total Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue . . . . .	<u>1,197,085</u>	<u>73,083</u>	<u>1,270,168</u>	<u>(43,071)</u>	<u>1,227,097</u>
Segment profit before income tax expense . . . . .	329,871	5,775	335,646	(3,153)	332,493
Finance income . . . . .	14,839	65	14,904	–	14,904
Finance costs . . . . .	(2,425)	–	(2,425)	–	(2,425)
Share of results of jointly controlled entities . . . . .	(2,687)	–	(2,687)	–	(2,687)
Depreciation and amortisation . . . . .	<u>(2,436)</u>	<u>(444)</u>	<u>(2,880)</u>	<u>–</u>	<u>(2,880)</u>
A reconciliation to profit for the period is as follows:					
Total segment profits before income tax expense . . . . .					332,493
Income tax expense . . . . .					(134,747)
Profit for the period . . . . .					<u>197,746</u>

As at 30 June 2013					
Segment assets . . . . .	<u>12,436,757</u>	<u>4,798,732</u>	<u>17,235,489</u>	<u>(4,420,588)</u>	<u>12,814,901</u>
Segment assets include:					
Investments in jointly controlled entities . . . . .	303,856	–	303,856	–	303,856
Additions to property, plant and equipment . . . . .	<u>3,666</u>	<u>143</u>	<u>3,809</u>	<u>–</u>	<u>3,809</u>
Segment liabilities . . . . .	<u>10,587,450</u>	<u>4,507,449</u>	<u>15,094,899</u>	<u>(4,140,279)</u>	<u>10,954,620</u>

## 7 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture, fittings and equipment	Leasehold improvements and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2010</b>				
Cost . . . . .	10,320	8,828	2,670	21,818
Accumulated depreciation . . . . .	(4,680)	(4,212)	(771)	(9,663)
Net book amount . . . . .	<u>5,640</u>	<u>4,616</u>	<u>1,899</u>	<u>12,155</u>
<b>Year ended 31 December 2010</b>				
Opening net book amount . . . . .	5,640	4,616	1,899	12,155
Additions . . . . .	6,408	1,838	945	9,191
Disposals . . . . .	(207)	(73)	(15)	(295)
Depreciation charge (Note 27) . . . . .	(2,118)	(1,501)	(471)	(4,090)
Closing net book amount . . . . .	<u>9,723</u>	<u>4,880</u>	<u>2,358</u>	<u>16,961</u>
<b>At 31 December 2010</b>				
Cost . . . . .	15,833	9,926	3,591	29,350
Accumulated depreciation . . . . .	(6,110)	(5,046)	(1,233)	(12,389)
Net book amount . . . . .	<u>9,723</u>	<u>4,880</u>	<u>2,358</u>	<u>16,961</u>
<b>Year ended 31 December 2011</b>				
Opening net book amount . . . . .	9,723	4,880	2,358	16,961
Additions . . . . .	4,469	1,220	736	6,425
Disposals . . . . .	(143)	(46)	(9)	(198)
Depreciation charge (Note 27) . . . . .	(2,796)	(1,719)	(584)	(5,099)
Closing net book amount . . . . .	<u>11,253</u>	<u>4,335</u>	<u>2,501</u>	<u>18,089</u>
<b>At 31 December 2011</b>				
Cost . . . . .	18,366	10,383	4,088	32,837
Accumulated depreciation . . . . .	(7,113)	(6,048)	(1,587)	(14,748)
Net book amount . . . . .	<u>11,253</u>	<u>4,335</u>	<u>2,501</u>	<u>18,089</u>
<b>Year ended 31 December 2012</b>				
Opening net book amount . . . . .	11,253	4,335	2,501	18,089
Additions . . . . .	1,333	1,175	67	2,575
Disposals . . . . .	(378)	(54)	(5)	(437)
Depreciation charge (Note 27) . . . . .	(2,947)	(1,692)	(647)	(5,286)
Closing net book amount . . . . .	<u>9,261</u>	<u>3,764</u>	<u>1,916</u>	<u>14,941</u>
<b>At 31 December 2012</b>				
Cost . . . . .	17,823	10,831	4,128	32,782
Accumulated depreciation . . . . .	(8,562)	(7,067)	(2,212)	(17,841)
Net book amount . . . . .	<u>9,261</u>	<u>3,764</u>	<u>1,916</u>	<u>14,941</u>
<b>Six months ended 30 June 2013</b>				
Opening net book amount . . . . .	9,261	3,764	1,916	14,941
Addition from acquisition of Shanghai Jingxiu Property Development Co., Ltd. (上海景秀置業發展有限公司) ("Shanghai Jingxiu") (Note 10(a)) . . . . .	69	72	-	141
Additions . . . . .	2,178	911	579	3,668
Disposals . . . . .	(255)	(54)	(773)	(1,082)
Depreciation charge (Note 27) . . . . .	(1,435)	(760)	(243)	(2,438)
Closing net book amount . . . . .	<u>9,818</u>	<u>3,933</u>	<u>1,479</u>	<u>15,230</u>
<b>At 30 June 2013</b>				
Cost . . . . .	20,078	11,593	3,582	35,253
Accumulated depreciation . . . . .	(10,260)	(7,660)	(2,103)	(20,023)
Net book amount . . . . .	<u>9,818</u>	<u>3,933</u>	<u>1,479</u>	<u>15,230</u>

	Motor vehicles	Furniture, fittings and equipment	Leasehold improvements and others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Unaudited)</b>				
<b>Six months ended 30 June 2012</b>				
Opening net book amount . . . . .	11,253	4,335	2,501	18,089
Additions . . . . .	589	466	35	1,090
Disposals . . . . .	(310)	(11)	–	(321)
Depreciation charge (Note 27) . . . . .	(1,500)	(896)	(286)	(2,682)
Closing net book amount . . . . .	<u>10,032</u>	<u>3,894</u>	<u>2,250</u>	<u>16,176</u>
<b>At 30 June 2012</b>				
Cost . . . . .	18,420	10,828	4,123	33,371
Accumulated depreciation . . . . .	(8,388)	(6,934)	(1,873)	(17,195)
Net book amount . . . . .	<u>10,032</u>	<u>3,894</u>	<u>2,250</u>	<u>16,176</u>

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013.

## 8 INVESTMENT PROPERTIES

	RMB'000
<b>At 1 January 2010</b> . . . . .	270,000
Fair value gains . . . . .	4,000
<b>At 31 December 2010</b> . . . . .	<u>274,000</u>
Fair value gains . . . . .	8,000
<b>At 31 December 2011</b> . . . . .	<u>282,000</u>
Fair value gains . . . . .	24,000
<b>At 31 December 2012</b> . . . . .	<u>306,000</u>
Fair value gains . . . . .	7,000
<b>At 30 June 2013</b> . . . . .	<u>313,000</u>
<b>(Unaudited)</b>	
<b>At 1 January 2012</b> . . . . .	282,000
Fair value gains . . . . .	9,000
<b>At 30 June 2012</b> . . . . .	<u>291,000</u>

All investment properties were revalued by directors with reference to valuation at each balance sheet date performed by DTZ Debenham Tie Leung Limited, an independent professional qualified valuer.

Valuations were based on either capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary income potential of the properties or on direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market. The following rental income from investment properties has been recognised in the consolidated income statements:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Rental income . . . . .	<u>8,555</u>	<u>9,758</u>	<u>10,054</u>	<u>4,936</u>	<u>4,356</u>



The Group's interests in investment properties at their net book values are analysed as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
In the PRC, held on:				
Leases with original term of 50 years (and remaining unexpired period between 10 to 50 years) . . . . .	274,000	282,000	306,000	313,000

Investment properties with a total carrying amount of RMB274,000,000, RMB282,000,000, RMB306,000,000 and RMB313,000,000 at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively were pledged as collateral for the Group's borrowings (Note 19).

## 9 INTANGIBLE ASSETS

	Computer software	Others	Total
	RMB'000	RMB'000	RMB'000
<b>At 1 January 2010</b>			
Cost . . . . .	3,265	861	4,126
Accumulated amortisation . . . . .	(1,097)	(14)	(1,111)
Net book amount . . . . .	2,168	847	3,015
<b>Year ended 31 December 2010</b>			
Opening net book amount . . . . .	2,168	847	3,015
Additions . . . . .	300	–	300
Amortisation charge (Note 27) . . . . .	(644)	(7)	(651)
Closing net book amount . . . . .	1,824	840	2,664
<b>At 31 December 2010</b>			
Cost . . . . .	3,315	861	4,176
Accumulated amortisation . . . . .	(1,491)	(21)	(1,512)
Net book amount . . . . .	1,824	840	2,664
<b>Year ended 31 December 2011</b>			
Opening net book amount . . . . .	1,824	840	2,664
Additions . . . . .	496	–	496
Amortisation charge (Note 27) . . . . .	(755)	(7)	(762)
Closing net book amount . . . . .	1,565	833	2,398
<b>At 31 December 2011</b>			
Cost . . . . .	3,811	861	4,672
Accumulated amortisation . . . . .	(2,246)	(28)	(2,274)
Net book amount . . . . .	1,565	833	2,398

	Computer software	Others	Total
	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2012</b>			
Opening net book amount . . . . .	1,565	833	2,398
Additions . . . . .	324	–	324
Disposals . . . . .	(2)	–	(2)
Amortisation charge (Note 27) . . . . .	(820)	(7)	(827)
Closing net book amount . . . . .	<u>1,067</u>	<u>826</u>	<u>1,893</u>
<b>At 31 December 2012</b>			
Cost . . . . .	4,132	861	4,993
Accumulated amortisation . . . . .	(3,065)	(35)	(3,100)
Net book amount . . . . .	<u>1,067</u>	<u>826</u>	<u>1,893</u>
<b>Six months ended 30 June 2013</b>			
Opening net book amount . . . . .	1,067	826	1,893
Additions . . . . .	215	–	215
Amortisation charge (Note 27) . . . . .	(439)	(3)	(442)
Closing net book amount . . . . .	<u>843</u>	<u>823</u>	<u>1,666</u>
<b>At 30 June 2013</b>			
Cost . . . . .	4,347	861	5,208
Accumulated amortisation . . . . .	(3,504)	(38)	(3,542)
Net book amount . . . . .	<u>843</u>	<u>823</u>	<u>1,666</u>
(Unaudited)			
<b>Six months ended 30 June 2012</b>			
Opening net book amount . . . . .	1,565	833	2,398
Additions . . . . .	–	–	–
Amortisation charge (Note 27) . . . . .	(411)	(3)	(414)
Closing net book amount . . . . .	<u>1,154</u>	<u>830</u>	<u>1,984</u>
<b>At 30 June 2012</b>			
Cost . . . . .	3,811	861	4,672
Accumulated amortisation . . . . .	(2,657)	(31)	(2,688)
Net book amount . . . . .	<u>1,154</u>	<u>830</u>	<u>1,984</u>

Amortisation charges of the Group have all been included in administrative expenses for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013.

## 10 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Year ended 31 December			Six months ended 30 June 2013
	2010	2011	2012	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000
Opening balance . . . . .	37,623	71,956	386,735	344,742
Investment in Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) ("Changzhou Jingshang") . . . . .	–	316,760	–	–
Share of results . . . . .	34,333	(1,981)	2,007	(2,687)
Dividends . . . . .	–	–	(44,000)	–
Acquisition of Shanghai Jingxiu (a) . . . . .	–	–	–	(38,199)
Ending balance . . . . .	<u>71,956</u>	<u>386,735</u>	<u>344,742</u>	<u>303,856</u>

The particulars of the jointly controlled entities of the Group during the Relevant Periods, all of which are unlisted, are set out as follows:

Company name	Country /date of incorporation	Paid-in capital	% interests held during the Relevant Periods				Principal activities
			As at 31 December			As at 30 June 2013	
			2010	2011	2012	2013	
Shanghai Jingxiu . . . . .	13 July 2001, Shanghai, the PRC	RMB 30,000,000	40%	40%	40%	100% note(a)	property development
Changzhou Jingshang . . . . .	23 February 2011, Jiangsu, the PRC	RMB 620,000,000	–	51%	51%	51%	property development

The Group's interests in Shanghai Jingxiu as at and for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 are as follows:

	Total assets	Total liabilities	Total revenue	Net profit
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2010 . . . . .	159,740	87,784	24,736	34,333
Year ended 31 December 2011 . . . . .	142,093	70,087	1,046	49
Year ended 31 December 2012 . . . . .	74,918	38,102	–	8,812
Six months ended 30 June 2013. . . . .	note(a)	note(a)	3,312	1,382

note:

- (a) On 14 June 2013, the Group acquired the aggregate 60% equity interests of Shanghai Jingxiu held by the other shareholders at a total consideration of RMB32,400,000 and since then Shanghai Jingxiu became a wholly-owned subsidiary of the Group. Shanghai Jingxiu does not qualify as a business upon the acquisition date, the substance of the transaction is the acquisition of assets of Shanghai Jingxiu.

The Group's interests in Changzhou Jingshang as at and for the years ended 31 December 2011 and 2012 and the six months ended 30 June 2013 are as follows:

	Total assets	Total liabilities	Total revenue	Net loss
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2011 . . . . .	404,562	89,833	–	(2,030)
Year ended 31 December 2012 . . . . .	554,616	246,690	–	(6,805)
Six months ended 30 June 2013. . . . .	611,046	307,190	–	(4,069)

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December			As at 30 June 2013
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Market value . . . . .	594	12,013	5,129	134

Financial assets at fair value through profit or loss represent listed funds in the PRC which the Group held for trading.

Financial assets at fair value through profit or loss are presented within 'Operating activities' as part of changes in working capital in the consolidated cash flow statements (Note 34).

Changes in fair values of financial assets at fair value through profit or loss are recorded in 'Other (losses)/gains – net' in the consolidated income statements (Note 26).

The fair value of all equity securities is based on their bid prices in an active market as at each balance sheet date.

## 12 PREPAYMENTS FOR LEASEHOLD LAND

The Group made prepayments of RMB100,000,000 as at 31 December 2012 and RMB146,850,000 as at 30 June 2013 respectively for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

## 13 PROPERTIES HELD OR UNDER DEVELOPMENT FOR SALE

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development for sale . . . . .	4,935,883	5,395,908	6,653,644	8,270,874
Properties held for sale . . . . .	990,506	886,134	1,273,640	1,051,174
	5,926,389	6,282,042	7,927,284	9,322,048
Less: Provision for impairment loss . . . . .	–	–	(25,495)	(23,435)
	<u>5,926,389</u>	<u>6,282,042</u>	<u>7,901,789</u>	<u>9,298,613</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group's land use rights included in properties held or under development for sale are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
In the PRC, held on leases of:				
Over 50 years . . . . .	3,223,337	3,148,004	4,752,073	5,690,480
Between 10 to 50 years . . . . .	249,969	222,784	168,522	143,238
	<u>3,473,306</u>	<u>3,370,788</u>	<u>4,920,595</u>	<u>5,833,718</u>

The properties held or under development for sale are all located in the PRC.

Borrowing costs capitalised in properties under development for sale and held for sale for each of the years ended 31 December 2010, 2011, 2012 and the six months ended 30 June 2013 were approximately RMB116,945,000, RMB262,852,000, RMB338,473,000 and RMB230,798,000 respectively.

The capitalisation rates of borrowings were 7.28%, 7.96%, 9.84% and 10.90% for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 19).

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying value pledged:				
Properties under development for sale . . . . .	4,060,477	2,584,002	5,264,006	5,483,716
Properties held for sale . . . . .	52,649	127,258	125,098	110,152
	<u>4,113,126</u>	<u>2,711,260</u>	<u>5,389,104</u>	<u>5,593,868</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, properties under development for sale with a total carrying amount of RMB3,090,492,000, RMB2,203,272,000, RMB4,280,671,000 and RMB4,696,999,000 were related to property projects which were not scheduled to complete within one year from each of reporting period ends although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2010, 2011 and 2012 and 30 June 2013 were expected to be recovered within one year from each of reporting period ends.

## 14 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

## Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables . . . . .	11,015	5,914	12,670	2,044
Notes receivable . . . . .	–	–	2,752	470
Trade receivables – subtotal . . . . .	11,015	5,914	15,422	2,514
Less: Provision for impairment of receivables . . . . .	(694)	(936)	(164)	(188)
Trade receivables – net . . . . .	10,321	4,978	15,258	2,326
Amounts due from related parties (Note 37) . . . . .	3,270	172,997	210,572	223,917
Prepaid business tax and surcharges (a) . . . . .	116,744	138,497	154,201	214,883
Receivable for compensation from a local government (Note 26 (a)) . . . . .	–	–	–	151,036
Deposit paid in connection with the acquisition of a subsidiary (Note 39 (a)) . . . . .	–	–	–	50,000
Tender deposits (b) . . . . .	390,600	1,132,530	220,730	15,600
Deposits with public housing fund centres (c) . . . . .	4,188	14,336	22,693	21,646
Prepayments for construction costs . . . . .	481	3,140	9,970	4,497
Temporary funding receivables (d) . . . . .	161,572	108,836	105,763	91,507
Deposits paid for construction work . . . . .	57,794	69,668	84,296	75,974
Amounts due from non-controlling interests of a subsidiary (e) . . . . .	60,000	210,000	90,000	120,000
Deferred initial public offering fees (f) . . . . .	–	–	–	4,142
Others . . . . .	5,577	6,024	5,982	10,923
Less: Provision for impairment of other receivables . . . . .	(30,565)	(37,224)	(44,763)	(44,379)
	<u>779,982</u>	<u>1,823,782</u>	<u>874,702</u>	<u>942,072</u>

## notes:

- (a) Business tax, surcharges and land appreciation tax are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.
- (b) The balances represent the tender deposits for bidding of land use rights, which were subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.
- (c) The balances represent the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificate to these purchasers.
- (d) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.
- (e) The balance represent the amounts due from non-controlling interests of a subsidiary of the Group, which are unsecured, non-interest bearing and receivable on demand. The balance as at 30 June 2013 of RMB120,000,000 has been fully settled by the Group through netting off with the dividend payable of the subsidiary due to the respective non-controlling interests upon its dividend declaration in the second half of 2013.
- (f) Deferred initial public offering ("IPO") fees represent legal and other professional fees relating to the initial public offering of the Company's shares, which will be deducted from equity upon completion of the IPO.

The aging analysis of trade receivables at each of the reporting period ends is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year . . . . .	8,868	4,344	14,428	980
Between 1 and 2 years . . . . .	1,122	133	633	630
Between 2 and 3 years . . . . .	553	544	72	562
Over 3 years . . . . .	472	893	289	342
	<u>11,015</u>	<u>5,914</u>	<u>15,422</u>	<u>2,514</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, trade receivables of RMB7,258,000, RMB4,344,000, RMB9,816,000 and RMB628,000 were past due but not impaired. The balances are related to independent customers for whom there is no recent history of default.

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year . . . . .	7,258	4,344	9,816	71
Between 1 and 2 years . . . . .	—	—	—	557
Between 2 and 3 years . . . . .	—	—	—	—
Over 3 years . . . . .	—	—	—	—
	<u>7,258</u>	<u>4,344</u>	<u>9,816</u>	<u>628</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, trade and other receivables of RMB31,259,000, RMB38,160,000, RMB44,927,000 and RMB44,567,000 were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of year/period . . . . .	(30,177)	(31,259)	(38,160)	(38,160)	(44,927)
(Accrual)/reversal of provision for receivables impairment (Note 27) . .	(1,085)	(6,939)	(7,083)	—	360
Receivables written off as uncollectible . . . . .	3	38	316	315	—
At end of year/period . . . . .	<u>(31,259)</u>	<u>(38,160)</u>	<u>(44,927)</u>	<u>(37,845)</u>	<u>(44,567)</u>

The maximum exposure to credit risk at each of the reporting period ends is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the carrying amounts of trade and other receivables and prepayments are all denominated in RMB.

#### Company

	As at 30 June
	2013
	RMB'000
Deferred initial public offering fees (see note (f) above) . . . . .	<u>4,142</u>

## 15 INTERESTS IN SUBSIDIARIES – COMPANY

	As at 30 June 2013
	<u>RMB'000</u>
Amounts due from a subsidiary (a) . . . . .	268,526
Unlisted equity investments, at cost (b) . . . . .	1,116,054
	<u>1,384,580</u>

notes:

- (a) These amounts due from a subsidiary represent equity funding by the Company to its subsidiary, Natural Apex Limited, and are measured in accordance with the Company's accounting policy for investments in subsidiaries. They are unsecured and non-interest bearing.
- (b) Particulars of the Company's subsidiaries as at 31 December 2010, 2011 and 2012 and 30 June 2013 are set out in Note 38 to the Financial Information.

## 16 CASH AT BANK AND ON HAND

	As at 31 December			As at 30 June 2013
	2010	2011	2012	2013
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash at bank and on hand				
– all denominated in RMB . . . . .	1,966,203	1,956,388	1,375,731	1,543,559

The effective interest rates on the Group's bank deposits as at 31 December 2010, 2011 and 2012 and 30 June 2013 were 0.36%, 0.47%, 0.35% and 0.35% respectively.

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December			As at 30 June 2013
	2010	2011	2012	2013
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash at bank and on hand . . . . .	1,966,203	1,956,388	1,375,731	1,543,559
Less: Restricted cash . . . . .	(435,757)	(1,093,037)	(701,743)	(562,465)
	<u>1,530,446</u>	<u>863,351</u>	<u>673,988</u>	<u>981,094</u>

Restricted cash of the Group comprised of the following:

	As at 31 December			As at 30 June 2013
	2010	2011	2012	2013
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Deposits for letters of guarantee issued for project construction . . . . .	54,741	3,381	–	–
Deposits for establishment of a new subsidiary (b) . . . . .	–	–	–	14,000
Deposits for notes issued . . . . .	249,053	314,406	90,000	64,000
Deposits as security for property purchasers' mortgage loans (a) . . . . .	131,963	17,056	17,486	17,998
Deposits pledged for borrowings (Note 19) . . . . .	–	758,194	594,257	466,467
	<u>435,757</u>	<u>1,093,037</u>	<u>701,743</u>	<u>562,465</u>

*notes:*

- (a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.
- (b) The amount of RMB14,000,000 was deposited by the Group in June 2013 for capital verification purpose for the establishment of a new subsidiary, Nantong Jingshang Property Co., Ltd.. The amount was subsequently transferred to paid-in capital of the subsidiary upon its establishment on 2 July 2013.

**17 SHARE CAPITAL AND SHARE PREMIUM****Group and Company***(a) Authorised shares*

	<u>Number of authorised shares</u>	<u>Nominal value of ordinary shares</u>
		US\$
As at 7 March 2013 (date of incorporation) (i) . . . . .	50,000	50,000.00
Subdivision of ordinary shares (ii) . . . . .	4,950,000	–
Increase in authorised shares (ii) . . . . .	<u>211,735</u>	<u>2,117.35</u>
As at 30 June 2013. . . . .	<u>5,211,735</u>	<u>52,117.35</u>

*(b) Issued shares*

	<u>Number of ordinary shares</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Total</u>
		RMB'000	RMB'000	RMB'000
As at 7 March 2013 (date of incorporation) (i) . . . . .	50,000	312	270,396	270,708
Subdivision of ordinary shares (ii) . . . . .	4,950,000	–	–	–
Issuance of ordinary shares (ii) . . . . .	<u>211,735</u>	<u>13</u>	<u>–</u>	<u>13</u>
As at 30 June 2013 . . . . .	<u>5,211,735</u>	<u>325</u>	<u>270,396</u>	<u>270,721</u>

*notes:*

- (i) Upon incorporation on 7 March 2013, the authorised share capital of the Company was US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each.

On the date of its incorporation, one ordinary share of US\$1.00 was allotted and issued to the sole subscriber and then was transferred to Beyond Wisdom Limited. On the same date, the Company further allotted and issued 24,999 and 25,000 ordinary shares to Beyond Wisdom Limited and Decent King Limited respectively at a total consideration of US\$43,507,822.65 (equivalent to RMB270,708,000), which has been fully paid in April 2013.

- (ii) On 19 April 2013, the authorised share capital of the Company was subdivided from 50,000 shares with a par value of US\$1.00 each to 5,000,000 shares with a par value of US\$0.01 each, and the authorised share capital was increased from US\$50,000.00 to US\$52,117.35 divided into 5,211,735 shares with a par value of US\$0.01 each.

On the same date, the Company allotted and issued 211,735 ordinary shares at US\$2,117.35 (equivalent to RMB13,000) with a par value of US\$0.01 each to the other nine individual shareholders, and Decent King Limited transferred 27,802 ordinary shares out of its 2,500,000 ordinary shares of the Company to Beyond Wisdom Limited.



## 18 OTHER RESERVES AND RETAINED EARNINGS

## Group

	Other reserves				
	Merger reserve	Capital reserve	Statutory surplus reserve	Retained earnings	Total
	RMB'000 (a)	RMB'000 (b)	RMB'000 (c)	RMB'000	RMB'000
<b>Balance at 1 January 2010</b> . . . . .	<b>414,053</b>	<b>355,117</b>	<b>181,420</b>	<b>409,747</b>	<b>1,360,337</b>
Total profit and comprehensive income for the year . . . . .	–	–	–	194,798	194,798
Appropriations . . . . .	–	–	36,243	(36,243)	–
Dividends of subsidiaries . . . . .	–	–	–	(31,054)	(31,054)
Changes in ownership interests in subsidiaries without change of control . . . . .	–	11,013	–	–	11,013
<b>Balance at 31 December 2010</b> . . . . .	<b>414,053</b>	<b>366,130</b>	<b>217,663</b>	<b>537,248</b>	<b>1,535,094</b>
<b>Balance at 1 January 2011</b> . . . . .	<b>414,053</b>	<b>366,130</b>	<b>217,663</b>	<b>537,248</b>	<b>1,535,094</b>
Total profit and comprehensive income for the year . . . . .	–	–	–	160,278	160,278
Appropriations . . . . .	–	–	11,167	(11,167)	–
Dividends of subsidiaries . . . . .	–	–	–	(44,000)	(44,000)
<b>Balance at 31 December 2011</b> . . . . .	<b>414,053</b>	<b>366,130</b>	<b>228,830</b>	<b>642,359</b>	<b>1,651,372</b>
<b>Balance at 1 January 2012</b> . . . . .	<b>414,053</b>	<b>366,130</b>	<b>228,830</b>	<b>642,359</b>	<b>1,651,372</b>
Total profit and comprehensive income for the year . . . . .	–	–	–	271,682	271,682
Transfer of capital reserve to paid-in capital for a subsidiary . . . . .	207,026	(207,026)	–	–	–
Appropriations . . . . .	–	–	16,607	(16,607)	–
Dividends of subsidiaries . . . . .	–	–	–	(41,405)	(41,405)
Changes in ownership interests in subsidiaries without change of control . . . . .	–	(35,023)	–	–	(35,023)
<b>Balance at 31 December 2012</b> . . . . .	<b>621,079</b>	<b>124,081</b>	<b>245,437</b>	<b>856,029</b>	<b>1,846,626</b>
<b>Balance at 1 January 2013</b> . . . . .	<b>621,079</b>	<b>124,081</b>	<b>245,437</b>	<b>856,029</b>	<b>1,846,626</b>
Total profit and comprehensive income for the period . . . . .	–	–	–	106,804	106,804
Dividends of subsidiaries . . . . .	–	–	–	(372,647)	(372,647)
Capital contribution from Yan Hao and Chen Xin Ge . . . . .	–	312,780	–	–	312,780
Effect of the Reorganisation . . . . .	(495,598)	–	–	–	(495,598)
Changes in ownership interests in subsidiaries without change of control . . . . .	–	(15,580)	–	–	(15,580)
<b>Balance at 30 June 2013</b> . . . . .	<b>125,481</b>	<b>421,281</b>	<b>245,437</b>	<b>590,186</b>	<b>1,382,385</b>
(Unaudited)					
<b>Balance at 1 January 2012</b> . . . . .	<b>414,053</b>	<b>366,130</b>	<b>228,830</b>	<b>642,359</b>	<b>1,651,372</b>
Total profit and comprehensive income for the period . . . . .	–	–	–	53,720	53,720
Transfer of capital reserve to paid-in capital for a subsidiary . . . . .	207,026	(207,026)	–	–	–
Dividends of subsidiaries . . . . .	–	–	–	(41,405)	(41,405)
<b>Balance at 30 June 2012</b> . . . . .	<b>621,079</b>	<b>159,104</b>	<b>228,830</b>	<b>654,674</b>	<b>1,663,687</b>

## Company

	Contributed surplus	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000
Balance at 7 March 2013 (date of incorporation) . . . . .	–	–	–
Contributed surplus (d) . . . . .	1,115,742	–	1,115,742
Total loss and comprehensive loss for the period . . . . .	–	(1,883)	(1,883)
<b>Balance at 30 June 2013.</b> . . . . .	<u>1,115,742</u>	<u>(1,883)</u>	<u>1,113,859</u>

*notes:***(a) Merger reserve**

Merger reserve as at 31 December 2010, 2011 and 2012 represent the paid-in capital of Jingrui Properties (Group).

During the year ended 31 December 2012, in accordance with the shareholders' resolution in March 2012, the paid-in capital of Jingrui Properties (Group) was increased from RMB414,053,000 to RMB621,079,000 by transferring RMB207,026,000 from its capital reserve to paid-in capital, and the shareholding percentage for each of the shareholders in Jingrui Properties (Group) remained the same.

Merger reserve as at 30 June 2013 represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the Reorganisation as disclosed in Note 1(b) and the aggregate capital of the subsidiaries acquired, after elimination of investments in subsidiaries.

**(b) Capital reserve**

- (i) In December 2010, Jingrui Properties (Group) acquired the 40% equity interests of its subsidiary Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) from the non-controlling interests Taicang Hengtong Investment Group Co., Ltd. (太倉恒通投資集團有限公司) at a consideration of RMB208,085,000. The difference of RMB11,013,000 between the non-controlling interest of RMB219,098,000 and the consideration paid was recognised in equity and attributed to the equity holders of the Company. Since then, Taicang Jingrui Property Co., Ltd. became a wholly owned subsidiary of Jingrui Properties (Group).
- (ii) In November 2012, Jingrui Properties (Group) acquired the 49% equity interests of its subsidiary Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) from the non-controlling interests Tianjin Li Bai Investment Management Co., Ltd. (天津麗柏投資管理有限公司) at a consideration of RMB73,990,000. The difference of RMB(35,023,000) between the non-controlling interests of RMB38,967,000 and the consideration paid was recognised in equity and attributed to the equity holders of the Company. Since then, Huzhou Jingrui Property Co., Ltd. became a wholly owned subsidiary of Jingrui Properties (Group).
- (iii) In April 2013, Jingrui Properties (Group) acquired the 39% equity interests of its subsidiary Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) from the non-controlling interests Shanghai Real Estate (Group) Co., Ltd. (上海房地產(集團)有限公司) at a consideration of RMB64,470,000. The difference of RMB(15,580,000) between the non-controlling interests of RMB48,890,000 and the consideration paid was recognised in equity and attributed to the equity holders of the Company. Since then, Changzhou Jingshen Property Co., Ltd. became a wholly owned subsidiary of Jingrui Properties (Group).
- (iv) Capital contribution from Yan Hao and Chen Xin Ge represents the capital injection to certain subsidiaries of the Group made by Yangpu Saiente which is wholly owned by Yan Hao, and Yangpu Wanbaolong which is wholly owned by Chen Xin Ge, in June 2013 totalling RMB313,000,000.

**(c) Statutory surplus reserve**

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

**(d) Contributed surplus**

Contributed surplus of the Company represents the difference between the excess of the equity funding to the subsidiaries by the Company for the purpose of completion of the Reorganisation and the aggregate net book value of the subsidiaries acquired pursuant to the Reorganisation.

**19 BORROWINGS**

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
– Banks, secured (a) . . . . .	1,908,275	2,272,194	2,074,765	1,730,575
– Trust financing arrangements, secured				
– conventional loan (b) . . . . .	–	158,900	994,800	989,600
– equity with repurchase obligation (b) . . . . .	510,000	510,000	–	1,095,130
	<u>2,418,275</u>	<u>2,941,094</u>	<u>3,069,565</u>	<u>3,815,305</u>
Less: Current portion of long-term borrowings				
– Banks, secured (a) . . . . .	(645,081)	(491,979)	(567,544)	(374,844)
– Trust financing arrangements, secured (b) . . . . .	–	(510,000)	(530,400)	(560,400)
	<u>(645,081)</u>	<u>(1,001,979)</u>	<u>(1,097,944)</u>	<u>(935,244)</u>
	<u>1,773,194</u>	<u>1,939,115</u>	<u>1,971,621</u>	<u>2,880,061</u>
Borrowings included in current liabilities:				
– Banks, secured (a) . . . . .	60,000	945,133	740,166	699,520
– Banks, unsecured . . . . .	400,000	–	–	–
– Trust financing arrangements, secured				
– conventional loan (b) . . . . .	–	79,750	–	–
– equity with repurchase obligation (b) . . . . .	100,000	–	150,000	150,000
– Short-term borrowings from a micro-credit company, secured (c) . . . . .	–	–	22,500	–
	<u>560,000</u>	<u>1,024,883</u>	<u>912,666</u>	<u>849,520</u>
Add: Current portion of long-term borrowings				
– Banks, secured (a) . . . . .	645,081	491,979	567,544	374,844
– Trust financing arrangements, secured (b) . . . . .	–	510,000	530,400	560,400
	<u>645,081</u>	<u>1,001,979</u>	<u>1,097,944</u>	<u>935,244</u>
	<u>1,205,081</u>	<u>2,026,862</u>	<u>2,010,610</u>	<u>1,784,764</u>

*notes:*

- (a) The Group's bank borrowings are secured by properties held or under development for sale (Note 13), investment properties (Note 8) and bank deposits (Note 16) of the Group or guaranteed by subsidiaries of the Company for each other or by related parties (Note 37).
- (b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by certain properties held or under development for sale (Note 13) and shares of subsidiaries of the Group (Note 38) or guaranteed by subsidiaries of the Company or by related parties (Note 37). Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group. Under the equity with repurchase obligation trust financing arrangements, the borrowings are provided by the underlying trust financing companies through the injection of capital or the transfer of equity interests in project companies with repurchase obligation of the Group. The substance of this type of trust financing arrangement is borrowing, with the equity interests in the project companies legally transferred as collateral.
- (c) The short-term borrowing of RMB22,500,000 as at 31 December 2012 were borrowed from a PRC micro-credit company, which were secured by the pledge of investment properties with total carrying amount of RMB306,000,000 as at 31 December 2012 of a subsidiary of the Group and guaranteed by Jingrui Properties (Group) and have been fully repaid during the six months ended 30 June 2013.

The following table sets out details of the equity with repurchase obligation trust financing arrangements as at 31 December 2010, 2011 and 2012 and 30 June 2013:

	As at 31 December			As at 30 June	Expiration date
	2010	2011	2012	2013	
	RMB'000	RMB'000	RMB'000	RMB'000	
Shanghai Chengjing Investment Co., Ltd. (上海誠景投資有限公司) . . . . .	360,000	360,000	–	–	May 2012
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) . . . . .	150,000	150,000	–	–	December 2012
Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) . . . . .	100,000	–	–	–	December 2011
Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司) . . . . .	–	–	150,000	150,000	July, September 2013
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) . . . . .	–	–	–	169,412	January 2014, July 2015
Shanghai Jingji Investment Co., Ltd. (上海景吉投資有限公司) . . . . .	–	–	–	345,275	October 2014, October 2015
Shanghai Jingyi Investment Co., Ltd. (上海景熠投資有限公司) . . . . .	–	–	–	308,279	October 2014, October 2015
Shanghai Jingbo Investment Co., Ltd. (上海景博投資有限公司) . . . . .	–	–	–	272,164	October 2014, October 2015
	<u>610,000</u>	<u>510,000</u>	<u>150,000</u>	<u>1,245,130</u>	

The maturity of non-current borrowings at each of the reporting period ends is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Between 1 and 2 years . . . . .	640,000	853,040	824,890	1,851,431
Between 2 and 5 years . . . . .	944,140	903,000	970,000	898,121
Above 5 years . . . . .	189,054	183,075	176,731	130,509
	<u>1,773,194</u>	<u>1,939,115</u>	<u>1,971,621</u>	<u>2,880,061</u>

The weighted average effective interest rates as at 31 December 2010, 2011 and 2012 and 30 June 2013 were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
Bank borrowings . . . . .	6.04%	6.96%	7.03%	7.51%
Trust financing arrangements . . . . .	15.26%	15.16%	16.60%	14.98%
Short-term borrowings from a micro-credit company . . . . .	–	–	16.00%	–

The cost of financing of the trust financing arrangements includes the interest costs and administrative fee, such as arrangement or consultancy fees and trustee fees.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less	6 – 12 months	1 – 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Borrowings included in non-current liabilities:</b>				
As at 31 December 2010 . . . . .	506,140	568,000	699,054	1,773,194
As at 31 December 2011 . . . . .	1,457,140	140,000	341,975	1,939,115
As at 31 December 2012 . . . . .	1,330,490	140,000	501,131	1,971,621
As at 30 June 2013 . . . . .	<u>666,731</u>	<u>160,000</u>	<u>2,053,330</u>	<u>2,880,061</u>
<b>Borrowings included in current liabilities:</b>				
As at 31 December 2010 . . . . .	716,446	488,635	–	1,205,081
As at 31 December 2011 . . . . .	1,613,133	413,729	–	2,026,862
As at 31 December 2012 . . . . .	1,082,866	927,744	–	2,010,610
As at 30 June 2013 . . . . .	<u>1,329,064</u>	<u>455,700</u>	<u>–</u>	<u>1,784,764</u>

The carrying amounts of the borrowings of the Group are denominated in RMB and approximate their fair values.

## 20 TRUST LOANS RELATED DERIVATIVES

Certain borrowings of the Group are in the form of trust arrangements with trust financing companies involving either capital increase in or transfer of equity interest in project companies with repurchase obligations. The repurchase prices of the equity interests reflect the fixed returns and the floating premiums that the trust financing companies are entitled to. The floating premiums are linked to valuation of equity interest of the relevant project companies at the time as stipulated in the relevant agreements. The classification of trust loans related derivatives are determined based on the earliest repayment dates that can be demanded by trust financing companies.

The proceeds received from the trust companies have been split between the trust loans element and financial derivatives component, representing the fair value of the embedded derivatives inspect of the floating premiums.

These trust loans contain embedded derivatives which are not closely related to the host contract and are treated as separate derivatives. The embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

The fair value of the embedded derivatives inspect of the floating premiums in the trust loans is estimated by using the discounted cash flow method.

The movement of the embedded derivatives is set out below:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period . . . . .	–	–	–	–
Initial recognition at fair value . . . . .	–	–	–	24,870
Losses/(gains) arising on changes in fair value . . . . .	–	–	–	<u>1,028</u>
At end of the year/period . . . . .	–	–	–	<u>25,898</u>
	=	=	=	<u>      </u>

## 21 ADVANCED PROCEEDS RECEIVED FROM CUSTOMERS

The Group starts sales of properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advanced proceeds received from customers before relevant sales are recognised.

## 22 TRADE AND OTHER PAYABLES

## Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables . . . . .	1,058,681	950,707	1,011,855	999,918
Notes payable . . . . .	249,052	317,628	90,000	64,000
Amounts due to non-controlling interests of subsidiaries (a) . . . . .	236,800	190,000	190,000	190,000
Amounts due to related parties (Note 37) . . . . .	30,800	34,400	16,875	122,870
Business and other taxes payable . . . . .	88,819	76,783	57,961	63,963
Maintenance and decoration fees collected on behalf . . . . .	1,740	5,359	4,310	4,620
Electricity fee and cleaning fee collected on behalf . . . . .	6,232	10,707	16,903	12,140
Deed tax collected on behalf . . . . .	2,225	17,001	12,608	14,143
Accrued payroll . . . . .	17,606	16,752	14,480	11,279
Interest payable . . . . .	5,706	8,605	18,643	81,509
Construction deposits received from suppliers . . . . .	24,131	21,239	19,004	20,716
Temporary funding payable (c) . . . . .	–	31,623	–	–
Deposits received from customers . . . . .	16,525	32,360	26,414	34,384
Deposit received in connection with the disposal of a subsidiary (b) . . . . .	–	–	10,000	10,000
Accrued initial public offering fees . . . . .	–	–	–	9,979
Others . . . . .	39,914	40,958	46,169	65,958
	<u>1,778,231</u>	<u>1,754,122</u>	<u>1,535,222</u>	<u>1,705,479</u>

## notes:

- (a) The balances represent the amounts of certain subsidiaries due to their respective non-controlling interests, which are unsecured, non-interest bearing and repayable on demand. The balance as at 30 June 2013 represents the funding from respective non-controlling interests of one subsidiary for its operational purpose in property development and will not be fully settled prior to the Listing of the Company if not demanded by the respective non-controlling interests.
- (b) According to relevant equity transfer agreements signed between Jingrui Properties (Group) and a third party on 14 August 2012 and 27 April 2013 respectively and a supplementary agreement signed in June 2013, the third party agreed to acquire and Jingrui Properties (Group) agreed to sell its 100% equity interests and a shareholder's loan amounting to RMB30,500,000 of Shanghai Garden City Real Estate Development Co., Ltd. (上海花園城房地產開發有限公司) ("Shanghai Garden City") at a total consideration of RMB70,000,000. The third party has paid RMB10,000,000 as deposit to Jingrui Properties (Group) for the equity transfer during the year ended 31 December 2012.
- (c) The balance of RMB31,623,000 as at 31 December 2011 represents a temporary amount received from a local government by a subsidiary of the Group in September 2011, which was subsequently returned to the local government in June 2012.

The aging analysis of trade payables and notes payable as at 31 December 2010, 2011 and 2012 and 30 June 2013 are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year . . . . .	1,134,309	1,050,407	910,583	767,285
Between 1 and 2 years . . . . .	110,762	55,439	63,862	143,707
Between 2 and 3 years . . . . .	5,840	100,595	35,834	37,625
Over 3 years . . . . .	56,822	61,894	91,576	115,301
	<u>1,307,733</u>	<u>1,268,335</u>	<u>1,101,855</u>	<u>1,063,918</u>

As 31 December 2010, 2011 and 2012 and 30 June 2013, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the carrying amounts of trade and other payables are all denominated in RMB.

**Company**

	<b>As at 30 June 2013</b>
	<b>RMB'000</b>
Amounts due to subsidiaries . . . . .	648
Accrued initial public offering fees . . . . .	3,494
	<u>4,142</u>

**23 DEFERRED INCOME TAX**

	<b>As at 31 December</b>			<b>As at 30 June 2013</b>
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Deferred tax assets to be recovered				
– within 12 months . . . . .	83,021	58,991	5,003	97,805
– after 12 months. . . . .	<u>118,367</u>	<u>156,614</u>	<u>161,167</u>	<u>32,135</u>
	201,388	215,605	166,170	129,940
Deferred tax liabilities to be settled				
– within 12 months . . . . .	(2,414)	(5)	(8,769)	(15,946)
– after 12 months. . . . .	<u>(22,394)</u>	<u>(36,032)</u>	<u>(76,955)</u>	<u>(89,491)</u>
	(24,808)	(36,037)	(85,724)	(105,437)
Deferred tax assets, net. . . . .	<u>176,580</u>	<u>179,568</u>	<u>80,446</u>	<u>24,503</u>

The gross movement on the deferred income tax account is as follows:

	<b>Year ended 31 December</b>			<b>Six months ended 30 June</b>	
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2012</b>	<b>2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
At beginning of the year/period. . . . .	100,925	176,580	179,568	179,568	80,446
Addition from acquisition of Shanghai Jingxiu (Note 10(a)) . . . . .	–	–	–	–	(7,841)
Credited/(charged) to the income statements (Note 31). . . . .	<u>75,655</u>	<u>2,988</u>	<u>(99,122)</u>	<u>(40,131)</u>	<u>(48,102)</u>
At end of the year/period . . . . .	<u>176,580</u>	<u>179,568</u>	<u>80,446</u>	<u>139,437</u>	<u>24,503</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, deferred income tax assets and deferred income tax liabilities amounting to RMB14,593,000, RMB57,180,000, RMB85,232,000 and RMB144,979,000 were offset.

The movement in deferred income tax assets and liabilities during each of the years and periods, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

*Deferred income tax assets*

	Tax losses	Provisions for impairment of properties held for sale and receivables	Land appreciation tax	Elimination of inter- company transactions	Temporary differences on recognition of sales and cost of sales	Accruals	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2010</b> . . . . .	23,556	1,214	86,406	–	22,267	2,206	135,649
(Charged)/credited to the income statements . . . . .	(12,976)	56	39,676	–	47,814	5,762	80,332
<b>At 31 December 2010</b> . . . . .	10,580	1,270	126,082	–	70,081	7,968	215,981
Credited to the income statements . . . . .	6,745	1,724	35,188	–	12,310	837	56,804
<b>At 31 December 2011</b> . . . . .	17,325	2,994	161,270	–	82,391	8,805	272,785
Credited/(charged) to the income statements. . . . .	7,527	2,205	(16,175)	2,111	(21,866)	4,815	(21,383)
<b>At 31 December 2012</b> . . . . .	24,852	5,199	145,095	2,111	60,525	13,620	251,402
Credited/(charged) to the income statements. . . . .	10,846	(765)	2,529	502	18,110	(7,705)	23,517
<b>At 30 June 2013</b> . . . . .	35,698	4,434	147,624	2,613	78,635	5,915	274,919
(Unaudited)							
<b>At 1 January 2012</b> . . . . .	17,325	2,994	161,270	–	82,391	8,805	272,785
Credited/(charged) to the income statements. . . . .	7,468	3,573	5,090	–	(15,819)	(245)	67
<b>At 30 June 2012</b> . . . . .	24,793	6,567	166,360	–	66,572	8,560	272,852

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB39,166,000, RMB67,989,000, RMB116,645,000 and RMB131,498,000 in respect of tax losses amounting to RMB156,664,000, RMB271,956,000, RMB466,580,000 and RMB525,992,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013 respectively. All these tax losses will expire within five years.



*Deferred income tax liabilities*

	Temporary differences on recognition of fair value gains on investment properties	Temporary differences on recognition of sales and cost of sales	Total
	RMB'000	RMB'000	RMB'000
<b>At 1 January 2010</b> . . . . .	30,690	4,034	34,724
Charged to the income statements . . . . .	1,000	3,677	4,677
<b>At 31 December 2010</b> . . . . .	31,690	7,711	39,401
Charged to the income statements . . . . .	2,000	51,816	53,816
<b>At 31 December 2011</b> . . . . .	33,690	59,527	93,217
Charged to the income statements . . . . .	6,000	71,739	77,739
<b>At 31 December 2012</b> . . . . .	39,690	131,266	170,956
Addition from acquisition of Shanghai Jingxiu (Note 10(a)) . .	–	7,841	7,841
Charged to the income statements . . . . .	1,750	69,869	71,619
<b>At 30 June 2013</b> . . . . .	41,440	208,976	250,416
(Unaudited)			
<b>At 1 January 2012</b> . . . . .	33,690	59,527	93,217
Charged to the income statements . . . . .	2,250	37,948	40,198
<b>At 30 June 2012</b> . . . . .	35,940	97,475	133,415

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the Financial Information prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

**24 REVENUE**

Revenue of the Group for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013 consists of the following:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from sales of properties . . . . .	2,490,782	3,403,289	3,995,539	1,048,105	1,197,729
Revenue from property management . . . . .	25,941	36,681	48,622	19,161	24,318
Rental income . . . . .	10,414	11,598	12,371	5,988	4,813
Others . . . . .	5,263	2,773	2,316	591	237
	<u>2,532,400</u>	<u>3,454,341</u>	<u>4,058,848</u>	<u>1,073,845</u>	<u>1,227,097</u>

## 25 OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Government grants . . . . .	1,513	855	1,038	430	50
Compensation income . . . . .	421	580	1,295	339	749
Dividend income on financial assets at fair value through profit or loss . . . . .	–	42	10	–	–
Others . . . . .	162	241	655	591	121
	<u>2,096</u>	<u>1,718</u>	<u>2,998</u>	<u>1,360</u>	<u>920</u>

## 26 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Compensation for land and resettlement costs – net (a) . . . . .	–	–	–	–	190,637
Financial assets at fair value through profit or loss (Note 11):					
– Fair value losses . . . . .	(19)	(3,290)	(52)	–	–
– Fair value gains . . . . .	–	20	2,504	2,489	5
(Losses)/gains from disposal of financial assets at fair value through profit or loss . . . . .	(11)	(183)	2,260	2,221	8
Gains/(losses) from disposal of property, plant and equipment . . . . .	42	184	(156)	(114)	2,453
Changes in fair value of trust loans related derivatives (Note 20) . . . . .	–	–	–	–	(1,028)
Provision for impairment of land use rights of Shanghai Garden City (Note 36(b)) . . . . .	–	–	(23,435)	–	–
Compensation . . . . .	(9,148)	(2,558)	(2,306)	(581)	(458)
Others . . . . .	(201)	(1,063)	(589)	(133)	(364)
	<u>(9,337)</u>	<u>(6,890)</u>	<u>(21,774)</u>	<u>3,882</u>	<u>191,253</u>

note:

- (a) The amount represents the net gain arising from the return of certain parcels of land of the Group to the local government due to change of usage plan over such land by the local government. The local government agreed to pay RMB302,071,000 to compensate the Group's loss of land and resettlement costs incurred. As at 30 June 2013, compensation amount of RMB151,035,000 has been received from the local government, and the remaining amount of RMB151,036,000 (Note 14) is expected to be received by the end of year 2013.

## 27 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of properties sold . . . . .	1,412,710	2,116,234	2,866,135	667,037	860,934
Business tax and surcharges (a) . . . . .	140,282	193,099	227,280	59,959	70,135
Accrual of provision for properties held for sale (Note 13) . . . . .	–	–	2,060	14,606	–
Depreciation of property, plant and equipment (Note 7) . . . . .	4,090	5,099	5,286	2,682	2,438
Amortisation of intangible assets (Note 9) . . . . .	651	762	827	414	442
Bank charges . . . . .	1,243	2,665	2,225	1,199	1,181
Staff costs (Note 29) . . . . .	98,469	117,743	136,698	68,019	66,672
Entertainment expenses . . . . .	9,402	16,469	9,998	3,833	4,589
Stamp duty and other taxes . . . . .	6,544	4,500	6,804	4,567	4,900
Professional fees . . . . .	12,769	6,270	8,329	3,694	11,429
Auditors' remuneration . . . . .	1,280	983	861	570	2,291
Sales commission . . . . .	39,428	48,294	68,790	28,644	14,696
Advertising and publicity costs . . . . .	79,297	115,077	74,137	21,881	30,552
Office and meeting expenses . . . . .	10,851	12,787	9,642	5,743	6,080
Rental expenses . . . . .	7,443	8,203	7,566	4,299	4,620
Travelling expenses . . . . .	7,019	7,328	7,190	3,592	3,782
Accrual/(reversal) of provision for impairment of receivables (Note 14) . . . . .	1,085	6,939	7,083	–	(360)
Other expenses . . . . .	25,070	44,502	37,707	18,396	19,188
Total cost of sales, selling and marketing costs and administrative expenses . . . . .	<u>1,857,633</u>	<u>2,706,954</u>	<u>3,478,618</u>	<u>909,135</u>	<u>1,103,569</u>

note:

- (a) The PRC companies comprising the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties, rental income and property management, while surcharges are 4% to 12% of business tax.

## 28 FINANCE COSTS/(INCOME) – NET

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Finance costs					
– Interest on bank loans and trust financing arrangements . . . . .	134,159	273,980	350,530	191,755	233,223
– Less: Interest capitalised . . . . .	(116,945)	(262,852)	(338,473)	(185,187)	(230,798)
Total finance costs . . . . .	<u>17,214</u>	<u>11,128</u>	<u>12,057</u>	<u>6,568</u>	<u>2,425</u>
Finance income					
– Interest income on bank deposits	(8,909)	(15,912)	(30,246)	(11,991)	(11,202)
– Interest income on loans to related parties (Note 37(d)(i)) . . . . .	–	–	–	–	(3,702)
Total finance income . . . . .	<u>(8,909)</u>	<u>(15,912)</u>	<u>(30,246)</u>	<u>(11,991)</u>	<u>(14,904)</u>
Net finance costs/(income) . . . . .	<u>8,305</u>	<u>(4,784)</u>	<u>(18,189)</u>	<u>(5,423)</u>	<u>(12,479)</u>

## 29 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wages and salaries . . . . .	82,662	97,749	113,945	56,316	54,052
Pension . . . . .	5,532	7,586	9,790	5,692	5,296
Other welfare benefit expenses . . . . .	10,275	12,408	12,963	6,011	7,324
	<u>98,469</u>	<u>117,743</u>	<u>136,698</u>	<u>68,019</u>	<u>66,672</u>

## 30 DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS

## (a) Directors' and chief executive's emoluments

The emoluments of the Company's directors and chief executive paid/payable by the companies comprising the Group are set out below:

Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2010:</b>					
Chen Xin Ge (陳新戈) (ii) . . . . .	–	–	–	–	–
Yan Hao (閻浩) (i)(ii) . . . . .	–	883	–	43	926
Yang Tie Jun (楊鐵軍) (ii)(iv) . . . . .	–	189	–	–	189
Xu Chao Hui (許朝輝) (ii) . . . . .	–	1,000	–	–	1,000
Han Jiong (韓炯) (iii) . . . . .	80	–	–	–	80
	<u>80</u>	<u>2,072</u>	<u>–</u>	<u>43</u>	<u>2,195</u>
<b>Year ended 31 December 2011:</b>					
Chen Xin Ge (陳新戈) (ii) . . . . .	–	–	–	–	–
Yan Hao (閻浩) (i)(ii) . . . . .	–	1,091	–	51	1,142
Yang Tie Jun (楊鐵軍) (ii)(iv) . . . . .	–	1,090	–	51	1,141
Xu Chao Hui (許朝輝) (ii) . . . . .	–	888	–	51	939
Han Jiong (韓炯) (iii) . . . . .	120	–	–	–	120
	<u>120</u>	<u>3,069</u>	<u>–</u>	<u>153</u>	<u>3,342</u>
<b>Year ended 31 December 2012:</b>					
Chen Xin Ge (陳新戈) (ii) . . . . .	–	–	–	–	–
Yan Hao (閻浩) (i)(ii) . . . . .	–	1,083	–	56	1,139
Yang Tie Jun (楊鐵軍) (ii)(iv) . . . . .	–	1,153	–	56	1,209
Xu Chao Hui (許朝輝) (ii) . . . . .	–	900	–	56	956
Han Jiong (韓炯) (iii) . . . . .	120	–	–	–	120
	<u>120</u>	<u>3,136</u>	<u>–</u>	<u>168</u>	<u>3,424</u>
<b>Six months ended 30 June 2013:</b>					
Chen Xin Ge (陳新戈) (ii) . . . . .	–	–	–	–	–
Yan Hao (閻浩) (i)(ii) . . . . .	–	582	–	30	612
Yang Tie Jun (楊鐵軍) (ii)(iv) . . . . .	–	567	–	30	597
Xu Chao Hui (許朝輝) (ii) . . . . .	–	464	–	30	494
Han Jiong (韓炯) (iii) . . . . .	60	–	–	–	60
	<u>60</u>	<u>1,613</u>	<u>–</u>	<u>90</u>	<u>1,763</u>

Name of director	Fees	Salaries and other allowances	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)					
<b>Six months ended 30 June 2012:</b>					
Chen Xin Ge (陳新戈) (ii) . . . . .	-	-	-	-	-
Yan Hao (閻浩) (i)(ii) . . . . .	-	549	-	27	576
Yang Tie Jun (楊鐵軍) (ii)(iv) . . . . .	-	568	-	27	595
Xu Chao Hui (許朝輝) (ii) . . . . .	-	461	-	27	488
Han Jiong (韓炯) (iii) . . . . .	60	-	-	-	60
	<u>60</u>	<u>1,578</u>	<u>-</u>	<u>81</u>	<u>1,719</u>

notes:

- (i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.
- (ii) These four executive directors were appointed in October 2013.
- (iii) Han Jiong (韓炯), Qian Shi Zheng (錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company in October 2013. Han Jiong (韓炯) was an independent non-executive director of Jingrui Properties (Group), a subsidiary of the Company, during the Relevant Periods.
- (iv) Yang Tie Jun joined the Group in December 2010.

(b) *Five highest paid individuals*

During each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, the five individuals whose emoluments were the highest in the Group for the year/period include two directors for the year ended 31 December 2010, three directors for the years ended 31 December 2011 and 2012 and the six months ended 30 June 2012 and 2013 whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three, two, two, two and two individuals during the relevant years/period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Basic salaries, housing allowances, other allowances and benefits in kind . . . . .	1,562	1,124	1,429	604	701
Bonuses . . . . .	879	926	504	504	117
	<u>2,441</u>	<u>2,050</u>	<u>1,933</u>	<u>1,108</u>	<u>818</u>

The emoluments fell within the following bands:

Emoluments bands (in Hong Kong dollars)	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
				(unaudited)	
HKD1,000,000 and below . . . . .	2	0	0	2	2
HKD1,000,001 – HKD1,500,000 . . . . .	1	2	2	0	0
	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>	<u>=</u>

- (c) During the Relevant Periods, no director or any of the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

## 31 INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax					
– PRC land appreciation tax . . . . .	224,858	217,440	79,942	51,420	44,197
– PRC corporate income tax . . . . .	211,174	170,432	85,136	15,970	42,448
	436,032	387,872	165,078	67,390	86,645
Deferred income tax (Note 23) . . . . .	(75,655)	(2,988)	99,122	40,131	48,102
Total income tax charged for the year/period . . . . .	<u>360,377</u>	<u>384,884</u>	<u>264,200</u>	<u>107,521</u>	<u>134,747</u>

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax . . . . .	697,554	753,018	605,650	182,826	332,493
PRC land appreciation tax . . . . .	(224,858)	(217,440)	(79,942)	(51,420)	(44,197)
	472,696	535,578	525,708	131,406	288,296
Income tax calculated at statutory rate of 25% . . . . .	118,174	133,895	131,427	32,852	72,074
Effect of expenses not deductible for income tax purposes . . . . .	4,809	4,311	4,677	2,392	2,951
Share of results of jointly controlled entities . . . . .	(8,583)	495	(502)	387	672
Tax losses not recognised as deferred tax assets . . . . .	18,222	28,823	48,656	20,470	14,853
Prior year tax adjustments . . . . .	2,897	(80)	–	–	–
PRC land appreciation tax . . . . .	224,858	217,440	79,942	51,420	44,197
Total income tax expense . . . . .	<u>360,377</u>	<u>384,884</u>	<u>264,200</u>	<u>107,521</u>	<u>134,747</u>

**PRC corporate income tax**

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") which became effective on 1 January 2008. Under the CIT Law, the CIT rate applicable to the Group's subsidiaries located in mainland China from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. As at 30 June 2013, the Group did not recognise deferred income tax on earnings generated by its PRC entities with amount of RMB59,201,000 on the unremitted distributable profits of certain PRC subsidiaries attributable to the investors outside PRC with the amount of RMB592,005,000, as the directors of the Company had confirmed that the retained earnings as at 30 June 2013 will not be distributed in the foreseeable future.

**Land appreciation tax**

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statements as income tax expense.

**32 EARNINGS PER SHARE**

The basic earnings per share for each of the years ended 31 December 2010, 2011 and 2012 and for the six months ended 30 June 2012 and 2013 is calculated based on the profit attributable to the equity holders of the Company and on the assumption that the 5,211,735 shares issued after the completion of the Reorganisation were deemed to have been in issue since 1 January 2010.

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
				(unaudited)	
Profit attributable to equity holders of the Company (RMB'000) . . . . .	<u>194,798</u>	<u>160,278</u>	<u>271,682</u>	<u>53,720</u>	<u>106,804</u>
Weighted average number of shares in issue (in thousand) . . . . .	<u>5,212</u>	<u>5,212</u>	<u>5,212</u>	<u>5,212</u>	<u>5,212</u>
Basic earnings per share (RMB) . . . . .	<u>37.4</u>	<u>30.8</u>	<u>52.1</u>	<u>10.3</u>	<u>20.5</u>

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding for the Relevant Periods.

The basic earnings per share and diluted earnings per share as presented on the consolidated income statements have not taken into account the proposed capitalisation issue as described in Note 39(g) and the proposed issue of shares pursuant to the Pre-IPO share award scheme as described in Note 39(h). These proposed issues of shares have not become effective as of the date of this report and will only take place prior to the completion of the Global Offering as described in the Prospectus.

**33 DIVIDENDS**

No dividend has been paid or declared by the Company since its incorporation.

Dividends during each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013 represented dividends declared by the companies comprising the Group to the then equity holders of the companies for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, after elimination of intra-group dividends.

## 34 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

## (a) Net cash (used in)/generated from operations:

	Year ended 31 December			Six months ended 30 June	
	2010 RMB'000	2011 RMB'000	2012 RMB'000	2012 RMB'000 (unaudited)	2013 RMB'000
Profit before income tax . . . . .	697,554	753,018	605,650	182,826	332,493
Adjustments for:					
– Depreciation (Note 27) . . . . .	4,090	5,099	5,286	2,682	2,438
– Amortisation (Note 27) . . . . .	651	762	827	414	442
– Losses/(gains) on disposal of property, plant and equipment (Note 26) . . . . .	(42)	(184)	156	114	(2,453)
– Accrual/(reversal) of provision for impairment of receivables (Note 27) . . . . .	1,085	6,939	7,083	–	(360)
– Financial assets at fair value through profit or loss (Note 26) . . . . .	(30)	(3,453)	4,712	4,710	13
– Accrual of provision for impairment of properties held for sale (Note 27) . . . . .	–	–	2,060	14,606	–
– Provision for impairment of land use rights of Shanghai Garden City (Note 26) . . . . .	–	–	23,435	–	–
– Fair value gains on investment properties (Note 8) . . . . .	(4,000)	(8,000)	(24,000)	(9,000)	(7,000)
– Share of results of jointly controlled entities (Note 10) . . . . .	(34,333)	1,981	(2,007)	1,549	2,687
– Finance costs (Note 28) . . . . .	17,214	11,128	12,057	6,568	2,425
– Interest income (Note 28) . . . . .	(8,909)	(15,912)	(30,246)	(11,991)	(14,904)
– Changes in fair value of trust loans related derivatives (Note 26) . . . . .	–	–	–	–	1,028
Changes in working capital					
– Restricted cash relating to operating activities . . . . .	(357,157)	100,914	227,357	(94,418)	25,488
– Prepayments for leasehold land . . . . .	–	–	(100,000)	–	(146,850)
– Properties held or under development for sales (excluding capitalised interest) . . . . .	(2,151,771)	(92,801)	(1,306,770)	(647,532)	(1,062,630)
– Trade and other receivables and prepayments . . . . .	(371,462)	(1,070,466)	803,622	246,943	82,538
– Advanced proceeds received from customers . . . . .	1,449,894	345,815	295,485	637,168	998,325
– Other non-current assets . . . . .	784	784	327	327	–
– Financial assets at fair value through profit or loss . . . . .	(57)	(7,966)	2,172	7,189	4,983
– Trade and other payables . . . . .	737,005	16,192	(221,413)	151,741	(38,830)
– (Increase)/decrease in amounts due from related parties . . . . .	(8,737)	169,727	27,975	18,180	200,972
– (Decrease)/increase in amounts due to related parties . . . . .	(30,800)	3,600	(17,525)	(49,609)	105,995
Net cash (used in)/generated from operations . . . . .	<u>(59,021)</u>	<u>217,177</u>	<u>316,243</u>	<u>462,467</u>	<u>486,800</u>

## (b) Major non-cash transactions:

One subsidiary of the Group declared dividends of RMB180,000,000, RMB120,000,000 and RMB90,000,000 in the year ended 31 December 2010 and 2012 and the six months ended 30 June 2013 to its non-controlling interests respectively. Such dividends payable was settled by netting off with the amounts due from non-controlling interests of the subsidiary during the year ended 31 December 2010 and 2012 and the six months ended 30 June 2013 respectively.



(c) *Proceeds from disposal of property, plant and equipment:*

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net book amount (Note 7) . . . . .	295	198	437	321	1,082
Gains/(losses) on disposal of property, plant and equipment (Note 26) . . . . .	<u>42</u>	<u>184</u>	<u>(156)</u>	<u>(114)</u>	<u>2,453</u>
Proceeds from disposal of property, plant and equipment . . . . .	<u>337</u>	<u>382</u>	<u>281</u>	<u>207</u>	<u>3,535</u>

## 35 COMMITMENTS

(a) *Property development expenditure commitments*

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for . . . . .	<u>1,276,775</u>	<u>1,312,034</u>	<u>1,431,673</u>	<u>2,639,861</u>

(b) *Operating lease commitments*

The future aggregated minimum rental expenses at each balance sheet date in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year . . . . .	5,857	4,662	5,966	6,415
1 to 5 years . . . . .	<u>5,101</u>	<u>3,229</u>	<u>3,550</u>	<u>2,003</u>
	<u>10,958</u>	<u>7,891</u>	<u>9,516</u>	<u>8,418</u>

## 36 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

(a) *Guarantees on mortgage facilities*

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties . .	<u>507,838</u>	<u>764,384</u>	<u>1,771,006</u>	<u>2,114,882</u>

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

**(b) Legal disputes**

The Group was involved in pending legal disputes with certain construction contractors and other external parties as described below:

- (i) In September 2012 and April 2013, a construction contractor fee dispute claim of approximately RMB10,300,000 for the outstanding construction fee was brought by the construction contractor to a subsidiary of the Group in relation to a property development in Zhoushan City, Zhejiang Province in the PRC. As at 31 December 2012 and 30 June 2013, the Group has estimated and accrued relevant costs of RMB4,000,000 in this regard.
- (ii) On 31 December 2012, a dispute claim for deposit of RMB30,500,000 and the land use rights with a carrying value of RMB23,000,000 as at 31 December 2012 was brought by Education Bureau of Hongkou District, Shanghai (上海市虹口區教育局) (the "Education Bureau") to Shanghai Garden City, a subsidiary of the Group, in relation to Shanghai Garden City's not being able to construct and deliver the school by May 2007 as agreed pursuant to an agreement (教育配套協議) signed between Shanghai Garden City and the Education Bureau on 20 June 2005. On 23 July 2013, Hongkou District People's Court of Shanghai (上海市虹口區人民法院) delivered a judgment in favour of Education Bureau, ruling that it is entitled to retain the RMB30,500,000 and to obtain the land use rights in dispute. The Group has accrued an estimated amount of RMB30,500,000 for the relevant required construction costs. A provision of RMB23,400,000 for the land use rights has also been made as at 31 December 2012 pursuant to the court judgment (Note 13).

The Group is of the view that the pledge of the land use rights to the local government which were acquired by Shanghai Garden City at a cost of RMB23,400,000 only served as a guarantee for Shanghai Garden City to fulfill its obligation to construct a school and to bear the construction costs on an additional land parcel to be granted at zero consideration by the local government. The failure by the local government to complete the required demolition work and deliver the additional land parcel to us does not give rise to the Education Bureau the rights to require Shanghai Garden City to surrender the title to the land use rights at zero consideration to them which it had acquired through open market for commercial property development and in fact special approvals are required to change the use of the land. The Group has filed a petition to appeal the judgment with the Shanghai Second Intermediate People's Court in August 2013.

In addition, the Group has signed agreements in 2012 and 2013 to transfer its 100% equity interests in Shanghai Garden City to a third party (Note 22(b)).

Pursuant to the series of equity transfer agreements above, the third party buyer is to pay additional consideration of RMB57,000,000 to the Group before 31 July 2013 and relevant share transfer procedures are to be completed before 31 July 2013. The remaining consideration of RMB3,000,000 is to be paid by the buyer to the Group on the condition that Shanghai Garden City be able to early terminate the operating lease contracts attached to the land with its third party lessee before 31 December 2013. If the buyer does not make the additional payments to the Group within 30 calendar days after 31 July 2013, the Group is entitled to unilaterally terminate the equity transfer agreements, forfeit the deposit of RMB10,000,000 and claim damages from the buyer.

Up to the date of this report, the third party had not made additional payments for the equity transfer, which was supposed to complete prior to 31 July 2013.

The Group has assessed the claims and considered that the ultimate outcome of these legal proceedings will not have a material adverse effect on financial position of the Group.

**37 RELATED-PARTY TRANSACTIONS****(a) Name and relationship with related parties**

Name	Relationship with the Group
Shanghai Jingxiu . . . . .	Jointly controlled entity (note)
Changzhou Jingshang . . . . .	Jointly controlled entity
Yan Hao . . . . .	Shareholder, director, co-chairman, chief executive officer
Chen Xin Ge . . . . .	Shareholder, director, co-chairman

*note:* Since 14 June 2013, Shanghai Jingxiu became a wholly owned subsidiary of the Group (Note 10(a)).

*(b) Transactions with related parties*

The Group has the following related party transactions:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(i) Marketing service income from related parties					
– Shanghai Jingxiu . . . . .	3,270	826	–	–	–
(ii) Providing temporary funding to related parties					
– Shanghai Jingxiu . . . . .	970,469	236,388	75,000	–	–
– Changzhou Jingshang . . . . .	–	538,486	76,282	49,609	225,665
(iii) Collection of temporary funding from related parties					
– Shanghai Jingxiu . . . . .	1,001,269	239,988	75,000	–	–
– Changzhou Jingshang . . . . .	–	365,488	65,182	18,180	308,714
(iv) Dividend income from a related party					
– Shanghai Jingxiu . . . . .	–	–	44,000	–	–
(v) Borrowings guaranteed by related parties (Note 19)					
– Shanghai Jingxiu (notes) . . . . .	–	425,900	509,466	509,466	281,466
– Yan Hao and his spouse (notes) . . . . .	–	–	404,800	–	399,600
– Chen Xin Ge and his spouse (notes) . . . . .	–	–	254,800	–	249,600

*notes:*

As at 31 December 2011, total borrowings of RMB425,900,000 of the Group, which were matured in 2012, were pledged by Shanghai Jingxiu with bank deposits of RMB180,000,000 and with properties held for sale with carrying amount of RMB12,671,000 as at 31 December 2011.

As at 31 December 2012, total bank borrowings of RMB359,466,000 of the Group, which were matured before end of May 2013, were pledged by Shanghai Jingxiu with bank deposits of RMB108,850,000.

As at 30 June 2013, total bank borrowings of RMB102,966,000 of the Group, which will be matured before end of November 2013, were pledged by Shanghai Jingxiu with bank deposits of RMB88,500,000. As at 30 June 2013, total borrowings of RMB28,500,000 of the Group, which will be matured in 2014 were pledged by Shanghai Jingxiu with properties held for sale with carrying amount of RMB14,817,000 as at 30 June 2013.

As at 31 December 2012 and as at 30 June 2013, trust financing borrowings of RMB150,000,000 of the Group, among which RMB95,000,000 were matured in July 2013 and RMB55,000,000 were matured in September 2013, were guaranteed by Yan Hao and his spouse and pledged by Shanghai Jingxiu with properties held for sale with carrying amount of RMB7,351,000 as at 31 December 2012 and RMB4,386,000 as at 30 June 2013. On 30 July 2013, the trust financing company agreed to release the guarantee provided by Yan Hao and his spouse.

As at 31 December 2012, Yan Hao (and his spouse) and Chen Xin Ge (and his spouse) provided personal guarantees to China National Investment & Guaranty Co., Ltd. (中國投資擔保有限公司) for it to provide guarantee for the trust financing borrowings of RMB254,800,000 of the Group. The loan balances of RMB249,600,000 as at 30 June 2013 were fully repaid by the Group in September 2013, and the personal guarantees from Yan Hao (and his spouse) and Chen Xin Ge (and his spouse) have been released accordingly.

(vi) Sales of properties to a related party

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
– Yan Hao (note) . . . . .	–	–	3,977	3,977	(3,977)
	=	=	<u>3,977</u>	<u>3,977</u>	<u>(3,977)</u>

*note:* The property sold to Yan Hao was returned to the Group in May 2013.

(c) **Key management compensation**

Key management includes directors (executive and non-executive), chief financial officer, vice presidents and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other short-term employee benefits . . . . .	2,714	4,292	3,495	1,578	1,612
Post-employment benefits . . . . .	86	203	169	82	90
	<u>2,800</u>	<u>4,495</u>	<u>3,664</u>	<u>1,660</u>	<u>1,702</u>

(d) *Related-party balances*

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
(i) Amounts due from related parties (Note 14)				
– Shanghai Jingxiu (notes) . . . . .	3,270	–	9,600	–
– Changzhou Jingshang (notes) . . . . .	–	172,997	200,972	223,917
	<u>3,270</u>	<u>172,997</u>	<u>210,572</u>	<u>223,917</u>

*notes:* The balance of RMB9,600,000 as at 31 December 2012 represents dividend receivable due from Shanghai Jingxiu which has been fully settled as at 30 June 2013.

The balance of RMB223,917,000 as at 30 June 2013 represents the outstanding principal amount and interest receivable balance of an entrusted loan from the Group to Changzhou Jingshang, which is a jointly controlled entity of the Group. In March 2013, the Group lent an entrusted loan with a principal amount of RMB220,000,000 and annual interest rate of 6.15% to Changzhou Jingshang through Bank of China, which will be matured in March 2016. Changzhou Jingshang repaid principal amount of RMB122,870,000 in August 2013. The entrusted loan represents the funding from the Group to Changzhou Jingshang in addition to the capital contribution for its operational purpose in property development which is under construction as at 30 June 2013 and the outstanding balance will not be settled prior to the Listing of the Company.

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
(ii) Amounts due to related parties (Note 22)				
– Shanghai Jingxiu . . . . .	(30,800)	(34,400)	–	–
– Changzhou Jingshang (notes) . . . . .	–	–	(16,875)	(122,870)
	<u>(30,800)</u>	<u>(34,400)</u>	<u>(16,875)</u>	<u>(122,870)</u>

*notes:* The balance of RMB16,875,000 due to Changzhou Jingshang as at 31 December 2012 represents the prepayment for decoration costs received by the Group from Changzhou Jingshang which has been settled as at 30 June 2013.

The balance of RMB122,870,000 due to Changzhou Jingshang as at 30 June 2013 has been fully settled in August 2013.

Except for the entrusted loan lent by the Group to Changzhou Jingshang in March 2013 as mentioned above (Note 37(d)(i)), the amounts due from and due to related parties are unsecured, non-interest bearing and repayable on demand.

## 38 PARTICULARS OF SUBSIDIARIES

Particulars of the subsidiaries of the Group as at 31 December 2010, 2011 and 2012 and 30 June 2013 and as at the date of this report are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at					Principal activities	Statutory auditor	Years as auditor
				31 December		30 June		2013			
				2010	2011	2012	2013				
<b>Subsidiaries established in the PRC</b>											
Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司) ("Jingrui Properties (Group)")	8 September 1993	RMB'000 621,079	RMB'000 621,079	100%	100%	100%	100%	100%	Property development and investment holding	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司)	31 December 1996	5,000	5,000	100%	100%	100%	100%	100%	Property management	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Shanghai Jingrui Real Estate Agency Co., Ltd. (上海景瑞房地產營銷代理有限公司)	19 November 1999	10,000	10,000	100%	100%	100%	100%	100%	Real estate agency	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Shanghai Garden City Real Estate Development Co., Ltd. (上海花園城房地產開發有限公司) ("Shanghai Garden City")	27 April 2000	20,000	20,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Shanghai Lijing Real Estate Development Co., Ltd. (上海麗景房地產開發有限公司)	18 October 2000	10,000	10,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang") (e)	16 August 2002	100,000	100,000	40%	40%	40%	40%	40%	Property development	Wei-Zhong Yong-Guang Certified Public Accountants Co., Ltd. (上海為眾永光會計師事務所)	2010, 2011 and 2012
Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司)	22 July 2003	100,000	100,000	100%	100%	100%	100%	100%	Investment holding	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012

Company name	Date of incorporation/ establishment	Authorized or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at					Principal activities	Statutory auditor	Years as auditor
				31 December		30 June		2013			
				2010	2011	2012	2013				
Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司)	9 April 2004	RMB'000 20,000	RMB'000 20,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Chongqing Jingkang Property Development Co., Ltd. (重慶景康置業發展有限公司)	20 July 2005	20,000	20,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司)	16 February 2006	50,000	50,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司)	14 April 2006	80,000	80,000	61%	61%	61%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司)	20 August 2007	100,000	100,000	51%	51%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司)	24 July 2007	60,000	60,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司)	14 August 2007	30,000	30,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司)(a)	25 December 2007	500,600	500,600	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012
Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司)(a)(d)	8 April 2008	20,000	20,000	100%	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事務所有限公司)	2010, 2011 and 2012

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at				Principal activities	Statutory auditor	Years as auditor
				31 December		30 June				
				2010	2011	2012	2013			
Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司)(a)(d)	17 November 2009	RMB'000 205,000	RMB'000 205,000	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2010, 2011 and 2012
Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司)	9 December 2009	1,000	1,000	100%	100%	100%	100%	Investment holding	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2010, 2011 and 2012
Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) (Note 39(b))	6 January 2010	150,000	150,000	60%	60%	60%	60%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2010, 2011 and 2012
Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司)(a)	26 January 2010	100,000	100,000	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2010, 2011 and 2012
Shanghai Chengjing Investment Co., Ltd. (上海誠景投資有限公司)(d)	28 April 2010	40,000	40,000	100%	100%	100%	100%	Investment holding	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2010, 2011 and 2012
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司)(a)(d)	17 August 2010	200,000	200,000	100%	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2010, 2011 and 2012
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司)	12 May 2011	51,000	51,000	-	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2011 and 2012
Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司)(a)(d)	27 June 2011	100,000	100,000	-	100%	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2011 and 2012
Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司)	4 November 2011	8,000	8,000	-	100%	100%	100%	Building decoration engineering	Zhonghua Certified Public Accountants Co., Ltd. (上海翠華滙銀會計師事 務所有限公司)	2011 and 2012



Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at				Principal activities	Statutory auditor	Years as auditor
				31 December		30 June				
				2010	2011	2012	2013			
Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司)	17 January 2012	RMB'000 100,000	RMB'000 100,000	-	-	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司)	17 January 2012	10,000	10,000	-	-	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Shanghai Jingrui Commercial Investment management Co., Ltd. (上海景瑞商業投資管理有限公司)	11 May 2012	2,000	2,000	-	-	100%	100%	Investment management	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Shanghai Youmao Construction Material Co., Ltd. (上海友茂建築材料有限公司)	14 August 2012	10,000	10,000	-	-	100%	100%	Hardware and building materials	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Shanghai Jingyi Investment Co., Ltd. (上海景熘投資有限公司)(d)	26 November 2012	49,000	49,000	-	-	100%	100%	Investment holding	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Shanghai Jingbo Investment Co., Ltd. (上海景博投資有限公司)(d)	26 November 2012	49,000	49,000	-	-	100%	100%	Investment holding	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Shanghai Jingji Investment Co., Ltd. (上海景吉投資有限公司)(d)	26 November 2012	49,000	49,000	-	-	100%	100%	Investment holding	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司)(a)(d)	6 December 2012	100,000	100,000	-	-	100%	100%	Property development	Zhonghua Certified Public Accountants Co., Ltd. (上海眾華滙銀會計師事 務有限公司)	2012
Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司)(a)	25 January 2013	100,000	100,000	-	-	-	100%	Property development	(b)	(b)
Shanghai Ruijun Investment Co., Ltd. (上海瑞峻投資有限公司)	16 February 2013	10,000	10,000	-	-	-	100%	Investment holding	(b)	(b)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at				Principal activities	Statutory auditor	Years as auditor
				31 December		30 June				
				2010	2011	2012	2013			
		RMB'000	RMB'000							
Shanghai Ruixu Investment Co., Ltd. (上海瑞旭投资有限公司)	16 February 2013	10,000	10,000	-	-	-	100%	Investment holding	(b)	(b)
Shanghai Ruiye Investment Co., Ltd. (上海瑞暉投资有限公司)	16 February 2013	10,000	10,000	-	-	-	100%	Investment holding	(b)	(b)
Shanghai Ruiyou Investment Co., Ltd. (上海瑞佑投资有限公司)	16 February 2013	10,000	10,000	-	-	-	100%	Investment holding	(b)	(b)
Shanghai Ruizheng Investment Co., Ltd. (上海瑞徵投资有限公司)	16 February 2013	11,000	11,000	-	-	-	99%	Investment holding	(b)	(b)
Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司)	20 February 2013	200,000	200,000	-	-	-	100%	Property development	(b)	(b)
Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司)(a)	1 March 2013	100,000	100,000	-	-	-	100%	Property development	(b)	(b)
Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司)(a)	8 April 2013	100,000	100,000	-	-	-	100%	Property development	(b)	(b)
Shanghai Ruibin Investment Co., Ltd. (上海瑞賓投资有限公司)	16 April 2013	11,000	11,000	-	-	-	99%	Investment holding	(b)	(b)
Shanghai Ruicen Investment Co., Ltd. (上海瑞岑投资有限公司)	16 April 2013	10,000	10,000	-	-	-	100%	Investment holding	(b)	(b)
Shanghai Ruichen Investment Co., Ltd. (上海瑞琛投资有限公司)	16 April 2013	10,000	10,000	-	-	-	100%	Investment holding	(b)	(b)
Shanghai Ruice Investment Co., Ltd. (上海瑞萃投资有限公司)	16 April 2013	10,000	10,000	-	-	-	100%	Investment holding	(b)	(b)
Hainan Jingshen Investment Management Co., Ltd. (海南景申投资管理有限公司)	14 May 2013	10,000	10,000	-	-	-	100%	Property management and investment holding	(b)	(b)
Zhuzi Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司)	19 June 2013	100,000	100,000	-	-	-	100%	Property development	(b)	(b)

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at				Principal activities	Statutory auditor	Years as auditor
				31 December		30 June				
				2010	2011	2012	2013			
Hainan Jingshang Commercial Management Co., Ltd. (海南景尚商業管理有限公司)	17 April 2013	USD 2,000,000	USD 2,000,000	-	-	-	100%	Property management and investment holding	(b)	(b)
Equity International Urban Facilities Development (Tianjin) Co., Ltd. (權益城市設施開發(天津)有限公司) ("Quan Yi Tianjin")(c)	25 June 2007	USD 71,600,000	USD 71,600,000	-	-	-	100%	Urban infrastructure development	LehmanBrown Beijing CPAs (雷博律華(北京)會計師事務所)	2010, 2011 and 2012
EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) ("Tianjin Yi An")(c)	15 August 2007	RMB 533,325,000	RMB 533,325,000	-	-	-	100%	Urban infrastructure development	LehmanBrown Beijing CPAs (雷博律華(北京)會計師事務所)	2010, 2011 and 2012
Shanghai Jingxiu Property Development Co., Ltd. (上海景秀置業發展有限公司) ("Shanghai Jingxiu") (Note 10(a))	13 July 2001	RMB 30,000,000	RMB 30,000,000	40%	40%	40%	100%	Property development	Shanghai Shangshen Certified Public Accountants Co., Ltd. (上海上審會計師事務所有限公司)	2010, 2011 and 2012
<b>Subsidiaries incorporated in Hong Kong</b>										
Jingrui HK Holdings Limited ("EI HK")(c)	25 June 2007	USD10	USD10	-	-	-	100%	Property development and investment holding	LehmanBrown CPA Co., Ltd. (雷博國際會計)	2010, 2011 and 2012
Sincere Paragon Limited	5 February 2013	HKD380,000	HKD380,000	-	-	-	100%	Investment holding	(b)	(b)
<b>Subsidiary incorporated in BVI</b>										
Natural Apex Limited	9 January 2013	USD50,000	USD50,000	-	-	-	100%	Investment holding	(b)	(b)

Subsequent to 30 June 2013 and up to the date of this report, subsidiaries newly set up or acquired by the Group are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital	Issued and fully paid capital	Percentage of attributable equity interest as at the date of this report	Principal activities	Statutory auditor	Years as auditor
Nantong Jingshang Property Co., Ltd. (南通景尚置業有限公司) (Note 39(c))	2 July 2013	100,000	20,000	100%	Property development	(b)	(b)
Shanghai Jiahe Investment Co., Ltd. (上海佳赫投資有限公司)	8 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jiachun Investment Co., Ltd. (上海佳淳投資有限公司)	8 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jiabang Investment Co., Ltd. (上海佳邦投資有限公司)	8 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jiajing Investment Co., Ltd. (上海佳靖投資有限公司)	10 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司)	10 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jialing Investment Co., Ltd. (上海佳翎投資有限公司)	10 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jiamu Investment Co., Ltd. (上海佳慕投資有限公司)	10 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jiamu Investment Co., Ltd. (上海佳穆投資有限公司)	11 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jiajie Investment Co., Ltd. (上海佳捷投資有限公司)	10 July 2013	1,000	1,000	100%	Investment holding	(b)	(b)
Shanghai Jingshen Culture Development Co., Ltd. (上海景申文化發展有限公司)	15 July 2013	10,000	10,000	100%	Culture development	(b)	(b)
Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司 (Note 39(k)))	14 August 2013	20,000	20,000	51%	Property development	(b)	(b)
Suzhou Jinglong Property Co., Ltd. (蘇州景隆置業有限公司)	10 October 2013	100,000	20,000	100%	Property development	(b)	(b)
Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) ("Shanghai Fengxiang") (Note 39(a))	23 June 1998	100,000	100,000	100%	Property development	Shanghai Yongcheng Certified Public Accountants Co., Ltd. (上海永誠會計師事務所 有限公司)	2010, 2011 and 2012

The English names of the PRC companies and statutory auditors referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

- (a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangements as at 31 December 2010, 2011 and 2012 and 30 June 2013 (Note 19). For details, please refer to the table below:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
Percentage of equity interests in Nantong Jingrui Property Co., Ltd. . . . . .	51%	51%	–	–
Percentage of equity interests in Zhoushan Jingshang Property Co., Ltd. . . . . .	51%	51%	51%	–
Percentage of equity interests in Taizhou Jingrui Property Co., Ltd. . . . . .	51.2%	–	–	–
Percentage of equity interests in Taicang Jingrui Property Co., Ltd. . . . . .	–	100%	100%	100%
Percentage of equity interests in Shaoxing Jingrui Property Co., Ltd. . . . . .	–	99%	99%	99%
Percentage of equity interests in Shanghai Jingshang Property Co., Ltd. . . . . .	–	–	51%	51%
Percentage of equity interests in Chongqing Jingshang Property Co., Ltd. . . . . .	–	–	–	51%
Percentage of equity interests in Yangzhou Jingrui Property Co., Ltd. . . . . .	–	–	–	51%
Percentage of equity interests in Shaoxing Jinghu Property Co., Ltd. . . . . .	–	–	–	51%
Percentage of equity interests in Hangzhou Jingyue Property Co., Ltd. . . . . .	–	–	–	51%

- (b) These companies are newly established in 2013. No audited financial statements have been issued for these companies as they are newly established or they are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.
- (c) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties (Group). They were acquired by the Group in April 2013 for the purpose of the Reorganisation (Note 1 (b)).
- (d) The percentage of attributable equity interest presented is the beneficiary interests held by the Company's shareholders. The legal equity interests in certain entities are lower than the beneficiary interests because of the existence of trust financing arrangements.

The Group legally transferred the equity interests in the following subsidiaries as collateral to trust financing companies or to China National Investment & Guaranty Co., Ltd. for trust financing arrangements (Note 19) through capital injection by the underlying trust financing companies or the transfer of equity interests by the Group with repurchase obligation.

	As at 31 December			As at 30 June
	2010	2011	2012	2013
Shanghai Chengjing Investment Co., Ltd. . . . . .	90%	90%	–	–
Zhoushan Jingshang Property Co., Ltd. . . . . .	49%	49%	–	–
Shanghai Jingshang Property Co., Ltd. . . . . .	–	–	49%	49%
Taizhou Jingrui Property Co., Ltd. . . . . .	48.8%	–	–	–
Shaoxing Jingrui Property Co., Ltd. <sup>(i)</sup> . . . . .	–	1%	1%	1%
Chongqing Jingshang Property Co., Ltd. . . . . .	–	–	–	49%
Shanghai Jingji Investment Co., Ltd. <sup>(ii)</sup> . . . . .	–	–	–	100%
Shanghai Jingyi Investment Co., Ltd. <sup>(ii)</sup> . . . . .	–	–	–	100%
Shanghai Jingbo Investment Co., Ltd. <sup>(ii)</sup> . . . . .	–	–	–	100%

*notes:*

- (i) The 1% equity interests in Shaoxing Jingrui Property Co., Ltd. held by the Group were legally transferred to China National Investment & Guaranty Co., Ltd. as a pledge for it to provide guarantee to the Group's trust financing arrangements.

- (ii) Shanghai Jingji Investment Co., Ltd., Shanghai Jingyi Investment Co., Ltd. and Shanghai Jingbo Investment Co., Ltd. were incorporated by the Group as special purpose vehicles to hold 49% equity interests in Yangzhou Jingrui Property Co., Ltd., Shaoxing Jinghu Property Co., Ltd. and Hangzhou Jingyue Property Co., Ltd. respectively, therefore the trust financing companies indirectly holds 49% equity interests in respective project companies through their holding of 100% equity interests in these investment companies. The Group holds the remaining 51% equity interests in these project companies which have been pledged to the respective trust financing companies for the trust financing arrangements (Note 38 (a)).
- (e) Shanghai Huajiang is owned as to 40% by the Group, 30% by Shanghai South Real Estate Co., Ltd. (上海南方房地產有限公司), 20%, 5%, 2.5% and 2.5% by the other four non-controlling interests respectively. The directors of the Company consider that the Group has effective control of Shanghai Huajiang even though it legally holds less than 50% equity interests in Shanghai Huajiang. This is because that the Group is the largest shareholder of Shanghai Huajiang, Shanghai South Real Estate Co., Ltd. and Shanghai Zongquan Real Estate Co., Ltd. (上海總泉置業有限公司), which hold 30% and 2.5% equity interests in Shanghai Huajiang respectively, are following with the Group on all the substantive decision on the operating and financing policies during the life of Shanghai Huajiang based on agreement between the Group and each of Shanghai South Real Estate Co., Ltd. and Shanghai Zongquan Real Estate Co., Ltd. respectively, and there is no history of other shareholders forming a group to exercise their votes collectively.

### 39 EVENTS AFTER THE BALANCE SHEET DATE

Save as disclosed below and elsewhere in the notes to the Financial Information set out above, there is no other material subsequent event undertaken by the Company or by the Group after 30 June 2013:

- (a) Pursuant to an equity transfer agreement signed on 18 July 2013 between an independent individual, Mr. Gu Jiabin (the "Seller") and the Group through one of its wholly owned subsidiary, the Group agreed to (i) acquire 80% equity interests in Shanghai Fengxiang owned by the Seller, and to acquire the outstanding shareholder's loan payable by Shanghai Fengxiang at a total preliminary consideration of about RMB972,000,000, subject to adjustments in working capital change, further expenses and costs to incur and other adjustments as agreed in the terms and conditions stipulated in the equity transfer agreement, and (ii) in addition, pursuant to the equity transfer agreement, the Seller has an option to sell the remaining 20% equity interests in Shanghai Fengxiang to the Group with a written notice within an agreed period of time.

Pursuant to the equity transfer agreement, the Group is entitled to terminate the agreement by delivering a prior written notice to the Seller and Shanghai Fengxiang if certain conditions cannot be fulfilled by Shanghai Fengxiang and/or the Seller prior to 20 October 2013.

Based on a framework agreement signed on 17 June 2013 by the Group and the Seller, the Group has paid RMB50,000,000 as deposit for the acquisition in June 2013 (Note 14).

The acquisition is substantially completed in September 2013, with 100% effective equity interests attributable to the Group.

The financial information of Shanghai Fengxiang as at 31 December 2010, 2011 and 2012 and 30 June 2013, and for each of the years ended 31 December 2010, 2011 and 2012 and each of the six months ended 30 June 2012 and 2013 is disclosed in Section III "Additional financial information on Shanghai Fengxiang" below.

- (b) In July 2013, the Group acquired 5% equity interests of its subsidiary Taicang Jingshang Property Co., Ltd. from one of the non-controlling interests of this subsidiary at a consideration of RMB8,250,000.
- (c) The Group borrowed a loan with principal amount of RMB280,000,000 in July 2013 from a trust financing company, which will be matured in 30 months and is (i) secured by equity of repurchase obligation as the Group legally transferred its 100% equity interests in one subsidiary Shanghai Ruicen Investment Co., Ltd. (whose sole business is the holding of 49% equity interests in one project company Nantong Jingshang Property Co., Ltd.) to the trust financing company, (ii) pledged by the Group with its 51% equity interests in Nantong Jingshang Property Co., Ltd. and pledged with the land use rights of Nantong Jingshang Property Co., Ltd. and (iii) guaranteed by Jingrui Properties (Group).

- (d) The Group borrowed a loan with principal amount of RMB90,000,000 in July 2013 from a trust financing company, which will be matured in 13 months and is (i) pledged with the land use rights of Shaoxing Jingxiang Property Co., Ltd. and (ii) guaranteed by Jingrui Properties (Group).
- (e) The Group borrowed a loan with principal amount of RMB220,000,000 in August 2013 from a trust financing company, which will be matured in 24 months and is (i) secured by equity of repurchase obligation as the Group legally transferred its 40% equity interests in one subsidiary Zhuji Jingrui Property Co., Ltd. to the trust financing company, and (ii) pledged by the Group with its 60% equity interests in Zhuji Jingrui Property Co., Ltd. and guaranteed by Jingrui Properties (Group).
- (f) The Group borrowed a loan with principal amount of RMB312,960,000 from an investment fund company in August 2013, which will be matured in 24 months and is (i) secured by equity of repurchase obligation as the Group legally transferred its 30% equity interests in one subsidiary Ningbo Jingrui Property Co., Ltd. to the investment fund company, and (ii) pledged by the Group with its 70% equity interests in Ningbo Jingrui Property Co., Ltd. and guaranteed by Jingrui Properties (Group).
- (g) Pursuant to a shareholders' resolution dated 6 October 2013, the Company will capitalise an amount of US\$9,068,418.9 (approximately RMB55,749,918.87), standing to the credit of its share premium account and to appropriate such amount as capital to pay up 906,841,890 shares in full at par to the shareholders of the Company whose names appear on the register of members at the close of business on the date of the Prospectus in proportion to their then respective shareholdings in the Company (the "Capitalisation Issue"), which will take place after the date of the Prospectus and prior to the completion of the Global Offering of the Company as described in the Prospectus (without taking into account the exercise of the over-allotment option) and before the issue of shares pursuant to the Pre-IPO share award scheme as described below in Note 39(h).
- (h) Pursuant to a shareholders' resolution dated 6 October 2013, the Company adopted a Pre-IPO share award scheme (the "Pre-IPO Share Award Scheme"). Under the Pre-IPO Share Award Scheme, a total number of 28,207,844 shares will be issued and granted to selected employees immediately after the Capitalisation Issue as described above in Note 39(g) and prior to the completion of the Global Offering of the Company as described in the Prospectus (without taking into account the exercise of the over-allotment option), which will be held by Tianyan (PTC) Limited as trustee for the benefits of the selected employees. Subject to certain vesting conditions, the granted shares will be vested in four tranches on 1 January 2014, 2015, 2016 and 2017, respectively.
- (i) On 6 October 2013, the authorised share capital of the Company was approved by the board of directors to increase from US\$52,117.35 divided into 5,211,735 shares to US\$100,000,000 divided into 10,000,000,000 shares.
- (j) The Group entered into a trust loan agreement with a trust financing company in October 2013 with a total amount no less than RMB250,000,000 but no more than RMB290,000,000, which will be matured in 12 months. As of the date of this report, the Group has not drawn down any amount under the trust loan agreement.
- (k) Hangzhou Jinghang Property Co., Ltd. was established in August 2013 as a wholly owned subsidiary of the Group. In September 2013, the Group transferred its 49% equity interests in Hangzhou Jinghang Property Co., Ltd. to a third party.

## III ADDITIONAL FINANCIAL INFORMATION ON SHANGHAI FENGXIANG

As stated in Note 39(a) of Section II above, subsequent to 30 June 2013, the Group undertook to acquire Shanghai Fengxiang from an independent individual.

The following is the financial information of Shanghai Fengxiang prepared by the directors of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013, and for each of the years ended 31 December 2010, 2011 and 2012 and each of the six months ended 30 June 2012 and 2013 (the "Financial Information of Shanghai Fengxiang").

## (a) Balance Sheets of Shanghai Fengxiang

	Note	As at 31 December			As at 30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment . . .	4	14,298	11,594	9,274	8,475
		<u>14,298</u>	<u>11,594</u>	<u>9,274</u>	<u>8,475</u>
<b>Current assets</b>					
Properties held or under development for sale . . . . .	5	225,828	441,463	472,565	528,168
Trade and other receivables and prepayments . . . . .	6	52,792	133,041	139,334	250,314
Cash and cash equivalents . . . . .	7	14,424	2,337	10,393	497
Restricted cash . . . . .	7	—	—	—	528
		<u>293,044</u>	<u>576,841</u>	<u>622,292</u>	<u>779,507</u>
<b>Total assets . . . . .</b>		<u><u>307,342</u></u>	<u><u>588,435</u></u>	<u><u>631,566</u></u>	<u><u>787,982</u></u>
<b>OWNERS' EQUITY</b>					
<b>Capital and reserves attributable to equity holders of Shanghai Fengxiang</b>					
Paid-in capital . . . . .	8	50,000	50,000	100,000	100,000
Reserves . . . . .	9	(126,192)	(156,994)	(175,854)	(190,701)
<b>Total equity . . . . .</b>		<u>(76,192)</u>	<u>(106,994)</u>	<u>(75,854)</u>	<u>(90,701)</u>



	Note	As at 31 December			As at 30 June
		2010	2011	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings .....	10	131,000	121,000	109,000	97,000
Long-term payables .....	11	37,235	26,909	12,389	7,949
		<u>168,235</u>	<u>147,909</u>	<u>121,389</u>	<u>104,949</u>
<b>Current liabilities</b>					
Borrowings .....	10	14,000	15,000	12,000	12,000
Current portion of long-term payables .....	11	12,808	12,561	9,897	9,901
Trade and other payables .....	12	142,004	480,656	524,762	714,698
Advanced proceeds received from customers .....	13	10,621	3,474	2,822	–
Current income tax liabilities....		35,866	35,829	36,550	37,135
		<u>215,299</u>	<u>547,520</u>	<u>586,031</u>	<u>773,734</u>
<b>Total liabilities</b> .....		<u>383,534</u>	<u>695,429</u>	<u>707,420</u>	<u>878,683</u>
<b>Total equity and liabilities</b> .....		<u>307,342</u>	<u>588,435</u>	<u>631,566</u>	<u>787,982</u>
<b>Net current assets</b> .....		<u>77,745</u>	<u>29,321</u>	<u>36,261</u>	<u>5,773</u>
<b>Total assets less current liabilities</b> .....		<u>92,043</u>	<u>40,915</u>	<u>45,535</u>	<u>14,248</u>

*(b) Income Statements of Shanghai Fengxiang*

	Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
<b>Revenue</b> .....	14	96,161	25,723	6,499	4,899	4,243
Cost of sales.....	15	(54,706)	(14,256)	(5,899)	(3,806)	(3,813)
<b>Gross profit</b> .....		41,455	11,467	600	1,093	430
Selling and marketing costs.....	15	(2,500)	–	(85)	(13)	–
Administrative expenses.....	15	(15,896)	(13,143)	(12,319)	(6,696)	(4,343)
Other income .....	17	376	200	409	409	–
Other (losses)/gains – net .....	18	(2,330)	(11,645)	4,515	(833)	(4,459)
<b>Operating profit/(loss)</b> .....		21,105	(13,121)	(6,880)	(6,040)	(8,372)
Finance income .....	19	160	32	8	6	353
Finance costs .....	19	(13,461)	(14,713)	(12,313)	(6,750)	(6,194)
<b>Finance costs – net</b> .....		(13,301)	(14,681)	(12,305)	(6,744)	(5,841)
<b>Profit/(loss) before income tax</b> ...		7,804	(27,802)	(19,185)	(12,784)	(14,213)
Income tax expense.....	20	(8,105)	(3,000)	(876)	(603)	(634)
<b>Loss for the year/period</b> .....		<u>(301)</u>	<u>(30,802)</u>	<u>(20,061)</u>	<u>(13,387)</u>	<u>(14,847)</u>

*(c) Statements of Comprehensive Income of Shanghai Fengxiang*

		Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
						(unaudited)
<b>Loss for the year/period</b> .....	(301)	(30,802)	(20,061)	(13,387)	(14,847)	
<b>Other comprehensive income</b> .....	–	–	–	–	–	
<b>Total comprehensive loss for the year/period</b> .....	(301)	<u>(30,802)</u>	<u>(20,061)</u>	<u>(13,387)</u>	<u>(14,847)</u>	

(d) *Statements of Changes in Equity of Shanghai Fengxiang*

	Attributable to equity holders of Shanghai Fengxiang			
	Paid-in capital	Other reserves	Accumulated losses	Total
	RMB'000 (Note 8)	RMB'000 (Note 9)	RMB'000 (Note 9)	RMB'000
<b>Balance at 1 January 2010</b> .....	12,000	2,705	(128,596)	(113,891)
<b>Total loss and comprehensive loss</b>				
<b>for the year</b> .....	–	–	(301)	(301)
<b>Transactions with owners</b>				
Capital contribution from Mr. Gu Jiabin. . . .	38,000	–	–	38,000
<b>Balance at 31 December 2010</b> .....	<u>50,000</u>	<u>2,705</u>	<u>(128,897)</u>	<u>(76,192)</u>
<b>Balance at 1 January 2011</b> .....	50,000	2,705	(128,897)	(76,192)
<b>Total loss and comprehensive loss</b>				
<b>for the year</b> .....	–	–	(30,802)	(30,802)
<b>Balance at 31 December 2011</b> .....	<u>50,000</u>	<u>2,705</u>	<u>(159,699)</u>	<u>(106,994)</u>
<b>Balance at 1 January 2012</b> .....	50,000	2,705	(159,699)	(106,994)
<b>Total loss and comprehensive loss</b>				
<b>for the year</b> .....	–	–	(20,061)	(20,061)
<b>Transactions with owners</b>				
Contribution from a related party recognised directly in equity (Note 11). . .	–	1,201	–	1,201
Capital contribution from Mr. Gu Jiabin. . . .	50,000	–	–	50,000
<b>Balance at 31 December 2012</b> .....	<u>100,000</u>	<u>3,906</u>	<u>(179,760)</u>	<u>(75,854)</u>
<b>Balance at 1 January 2013</b> .....	100,000	3,906	(179,760)	(75,854)
<b>Total loss and comprehensive loss</b>				
<b>for the period</b> .....	–	–	(14,847)	(14,847)
<b>Balance at 30 June 2013</b> .....	<u>100,000</u>	<u>3,906</u>	<u>(194,607)</u>	<u>(90,701)</u>
<b>(Unaudited)</b>				
<b>Balance at 1 January 2012</b> .....	50,000	2,705	(159,699)	(106,994)
<b>Total loss and comprehensive loss</b>				
<b>for the period</b> .....	–	–	(13,387)	(13,387)
<b>Transactions with owners</b>				
Contribution from a related party recognised directly in equity (Note 11). . .	–	835	–	835
Capital contribution from Mr. Gu Jiabin. . . .	50,000	–	–	50,000
<b>Balance at 30 June 2012</b> .....	<u>100,000</u>	<u>3,540</u>	<u>(173,086)</u>	<u>(69,546)</u>

## (e) Cash Flow Statements of Shanghai Fengxiang

	Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
<b>Operating activities</b>						
Net cash used in operations . . . .	21	(17,593)	(52,917)	(16,266)	(9,802)	(57,774)
Interest paid . . . . .		(10,283)	(12,100)	(10,136)	(5,583)	(5,535)
PRC income tax paid . . . . .		(503)	(2,784)	–	–	–
PRC land appreciation tax paid .		(225)	(253)	(155)	(87)	(49)
<b>Net cash used in operating activities . . . . .</b>		<u>(28,604)</u>	<u>(68,054)</u>	<u>(26,557)</u>	<u>(15,472)</u>	<u>(63,358)</u>
<b>Investing activities</b>						
Purchase of property, plant and equipment . . . . .		(6,545)	(575)	(196)	–	(1,874)
Interest received . . . . .		160	32	8	6	353
Increase in restricted cash relating to investing activities.		–	–	–	–	(528)
<b>Net cash (used in)/generated from investing activities . . . . .</b>		<u>(6,385)</u>	<u>(543)</u>	<u>(188)</u>	<u>6</u>	<u>(2,049)</u>
<b>Financing activities</b>						
Proceeds from borrowings . . . . .		145,000	–	–	–	–
Repayments of borrowings . . . . .		(40,000)	(9,000)	(15,000)	(15,000)	(12,000)
Capital contribution from Mr. Gu Jiabin . . . . .		38,000	–	50,000	50,000	–
Decrease/(increase) in amounts due from related parties relating to financing activities.		28,134	(80,331)	(6,688)	(7,662)	(100,048)
Increase/(decrease) in amounts due to related parties relating to financing activities . . . . .		(126,743)	145,841	6,489	(2,632)	167,559
<b>Net cash generated from financing activities . . . . .</b>		<u>44,391</u>	<u>56,510</u>	<u>34,801</u>	<u>24,706</u>	<u>55,511</u>
<b>Net increase/(decrease) in cash and cash equivalents . . . . .</b>		<u>9,402</u>	<u>(12,087)</u>	<u>8,056</u>	<u>9,240</u>	<u>(9,896)</u>
Cash and cash equivalents at beginning of the year/period . . . .		<u>5,022</u>	<u>14,424</u>	<u>2,337</u>	<u>2,337</u>	<u>10,393</u>
<b>Cash and cash equivalents at end of the year/period . . . . .</b>	7	<u><u>14,424</u></u>	<u><u>2,337</u></u>	<u><u>10,393</u></u>	<u><u>11,577</u></u>	<u><u>497</u></u>

## NOTES TO THE FINANCIAL INFORMATION OF SHANGHAI FENGXIANG

## 1. GENERAL INFORMATION

Shanghai Fengxiang was incorporated in Qingpu District of Shanghai, the PRC, on 23 June 1998, with an original approved operating period of 10 years, which has been extended to 2018.

The original registered capital of Shanghai Fengxiang was RMB5,000,000. After several transfers of the equity interests in Shanghai Fengxiang and increase of the registered capital, the registered capital reached RMB100,000,000 as at 30 June 2013 with equity interests of 97.43% held by Mr. Gu Jiabin, 1.93% held by Shanghai Qingpu Real Estate Co., Ltd. and 0.64% held by Shanghai Langjing Construction & Decoration Co., Ltd. (Note 8).

Shanghai Fengxiang develops a property project for sale in Qingpu District of Shanghai, which includes shopping mall, office buildings and residential buildings.

During the Relevant Periods, the controlling shareholder of Shanghai Fengxiang is Mr. Gu Jiabin.

## 2. BASIS OF PREPARATION

The Financial Information of Shanghai Fengxiang has been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRSs") under the historical cost convention and in accordance with the accounting policies of the Group. These policies have been consistently applied to the years and periods presented, unless otherwise stated.

## 3. SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the CODM, which has been identified as Mr. Gu Jiabin who makes strategic decisions, for the purposes of allocating resources and assessing performance. There was only one operating segment for Shanghai Fengxiang during the Relevant Periods.

## 4. PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles	Furniture, fittings and equipment	Office building	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2010</b>				
Cost . . . . .	8,767	553	5,628	14,948
Accumulated depreciation . . . . .	<u>(3,925)</u>	<u>(298)</u>	<u>(328)</u>	<u>(4,551)</u>
Net book amount . . . . .	<u>4,842</u>	<u>255</u>	<u>5,300</u>	<u>10,397</u>
<b>Year ended 31 December 2010</b>				
Opening net book amount . . . . .	4,842	255	5,300	10,397
Additions . . . . .	6,535	10	–	6,545
Disposals . . . . .	(430)	–	–	(430)
Depreciation charge (Note 15) . . . . .	<u>(1,915)</u>	<u>(111)</u>	<u>(188)</u>	<u>(2,214)</u>
Closing net book amount . . . . .	<u>9,032</u>	<u>154</u>	<u>5,112</u>	<u>14,298</u>
<b>At 31 December 2010</b>				
Cost . . . . .	14,873	563	5,628	21,064
Accumulated depreciation . . . . .	<u>(5,841)</u>	<u>(409)</u>	<u>(516)</u>	<u>(6,766)</u>
Net book amount . . . . .	<u>9,032</u>	<u>154</u>	<u>5,112</u>	<u>14,298</u>
<b>Year ended 31 December 2011</b>				
Opening net book amount . . . . .	9,032	154	5,112	14,298
Additions . . . . .	575	–	–	575
Depreciation charge (Note 15) . . . . .	<u>(3,037)</u>	<u>(54)</u>	<u>(188)</u>	<u>(3,279)</u>
Closing net book amount . . . . .	<u>6,570</u>	<u>100</u>	<u>4,924</u>	<u>11,594</u>

	Motor vehicles	Furniture, fittings and equipment	Office building	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December 2011</b>				
Cost . . . . .	15,448	563	5,628	21,639
Accumulated depreciation . . . . .	(8,878)	(463)	(704)	(10,045)
Net book amount . . . . .	<u>6,570</u>	<u>100</u>	<u>4,924</u>	<u>11,594</u>
<b>Year ended 31 December 2012</b>				
Opening net book amount . . . . .	6,570	100	4,924	11,594
Additions . . . . .	158	38	–	196
Depreciation charge (Note 15) . . . . .	(2,289)	(39)	(188)	(2,516)
Closing net book amount . . . . .	<u>4,439</u>	<u>99</u>	<u>4,736</u>	<u>9,274</u>
<b>At 31 December 2012</b>				
Cost . . . . .	15,606	601	5,628	21,835
Accumulated depreciation . . . . .	(11,167)	(502)	(892)	(12,561)
Net book amount . . . . .	<u>4,439</u>	<u>99</u>	<u>4,736</u>	<u>9,274</u>
<b>Six months ended 30 June 2013</b>				
Opening net book amount . . . . .	4,439	99	4,736	9,274
Additions . . . . .	1,862	12	–	1,874
Disposals . . . . .	(1,862)	(12)	–	(1,874)
Depreciation charge (Note 15) . . . . .	(611)	(94)	(94)	(799)
Closing net book amount . . . . .	<u>3,828</u>	<u>5</u>	<u>4,642</u>	<u>8,475</u>
<b>At 30 June 2013</b>				
Cost . . . . .	15,606	601	5,628	21,835
Accumulated depreciation . . . . .	(11,778)	(596)	(986)	(13,360)
Net book amount . . . . .	<u>3,828</u>	<u>5</u>	<u>4,642</u>	<u>8,475</u>
<b>(Unaudited)</b>				
<b>Six months ended 30 June 2012</b>				
Opening net book amount . . . . .	6,570	100	4,924	11,594
Depreciation charge (Note 15) . . . . .	(1,414)	(26)	(94)	(1,534)
Closing net book amount . . . . .	<u>5,156</u>	<u>74</u>	<u>4,830</u>	<u>10,060</u>
<b>At 30 June 2012</b>				
Cost . . . . .	15,448	563	5,628	21,639
Accumulated depreciation . . . . .	(10,292)	(489)	(798)	(11,579)
Net book amount . . . . .	<u>5,156</u>	<u>74</u>	<u>4,830</u>	<u>10,060</u>

Depreciation charges of Shanghai Fengxiang have all been included in administrative expenses for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the office building of Shanghai Fengxiang is pledged for its long-term borrowings (Note 10 (a)).

## 5 PROPERTIES HELD OR UNDER DEVELOPMENT FOR SALE

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development for sale . . . . .	79,028	303,588	336,707	393,906
Properties held for sale . . . . .	146,800	137,875	135,858	134,262
	<u>225,828</u>	<u>441,463</u>	<u>472,565</u>	<u>528,168</u>

Included in properties held for sale are shopping mall units and office building units which remained unsold.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, Shanghai Fengxiang's land use rights included under properties held or under development for sale are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
In the PRC, held on leases of:				
50 years . . . . .	<u>2,103</u>	<u>2,055</u>	<u>2,038</u>	<u>2,027</u>

The properties held or under development for sale are all located in the PRC.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, properties under development for sale were not scheduled to complete within one year from each of reporting period ends although pre-sales of some of these properties may occur.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, Shanghai Fengxiang's properties held for sale were pledged as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying value of properties held for sale pledged:				
Pledged for Shanghai Fengxiang's long-term borrowings (Note 10) . . . . .	81,814	81,814	81,814	81,814
Pledged for Shanghai Fengxiang's short-term borrowings (Note 10) . . . . .	2,956	2,956	–	–
Pledged for related parties' borrowings (a) . . . .	–	–	36,252	36,252
	<u>84,770</u>	<u>84,770</u>	<u>118,066</u>	<u>118,066</u>

note:

- (a) As at 31 December 2012 and 30 June 2013, Shanghai Fengxiang pledged its properties held for sale, with carrying value of RMB18,958,000 and RMB17,294,000 respectively, for the bank loans taken by Shanghai Zhenfang Construction Engineering Co., Ltd. and Shanghai Jiucheng Industrial Co., Ltd., which are all related parties of Shanghai Fengxiang.

## 6 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables . . . . .	418	516	3	–
Amounts due from related parties (Note 23) . . .	50,478	130,809	137,497	198,544
Prepayments for construction costs (a) . . . . .	–	–	–	50,000
Others . . . . .	3,934	3,971	4,261	4,291
Less: Provision for impairment of other receivables . . . . .	(2,038)	(2,255)	(2,427)	(2,521)
	<u>52,792</u>	<u>133,041</u>	<u>139,334</u>	<u>250,314</u>

*note:*

- (a) The prepayments for construction costs have been received subsequently on 6 August 2013 due to cancellation of the contract with the contractor.

The aging analysis of trade receivables at each of the reporting period ends is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year . . . . .	<u>418</u>	<u>516</u>	<u>3</u>	<u>–</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, other receivables of RMB2,038,000, RMB2,255,000, RMB2,427,000 and RMB2,521,000 were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for impairment of other receivables are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
At beginning of the year/period . . . . .	1,473	2,038	2,255	2,255	2,427
Provision for impairment of receivables (Note 15) . . . . .	<u>565</u>	<u>217</u>	<u>172</u>	<u>149</u>	<u>94</u>
At end of the year/period . . . . .	<u>2,038</u>	<u>2,255</u>	<u>2,427</u>	<u>2,404</u>	<u>2,521</u>

The maximum exposure to credit risk at each of the reporting period ends is the carrying value of each class of receivables mentioned above. Shanghai Fengxiang does not hold any collateral security.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the carrying amounts of trade and other receivables and prepayments are all denominated in RMB.



## 7 CASH AT BANK AND ON HAND

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand				
– all denominated in RMB . . . . .	14,424	2,337	10,393	497
Restricted cash . . . . .	–	–	–	528
	<u>14,424</u>	<u>2,337</u>	<u>10,393</u>	<u>1,025</u>

The effective interest rates on Shanghai Fengxiang's bank deposits as at 31 December 2010, 2011 and 2012 and 30 June 2013 were 0.36%, 0.47%, 0.35% and 0.35% respectively.

Cash and cash equivalents of Shanghai Fengxiang were determined as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand . . . . .	14,424	2,337	10,393	1,025
Less: Restricted cash (a) . . . . .	–	–	–	(528)
	<u>14,424</u>	<u>2,337</u>	<u>10,393</u>	<u>497</u>

*note:*

- (a) The restricted cash as at 30 June 2013 of RMB528,000 represents bank deposits restricted to secure the bank loans of Mr. Gu Jiabin, which was released in August 2013 upon the repayment of the bank loans by Mr. Gu Jiabin.

## 8 PAID-IN CAPITAL

As at 1 January 2010 . . . . .	RMB'000
Capital contribution from Mr. Gu Jiabin . . . . .	12,000
	<u>38,000</u>
As at 31 December 2010 and 2011 . . . . .	50,000
Capital contribution from Mr. Gu Jiabin . . . . .	50,000
	<u>100,000</u>
As at 31 December 2012 and 30 June 2013 . . . . .	<u>100,000</u>

## 9 RESERVES

	Other reserves			
	Statutory surplus reserve	Contribution from a related party	Accumulated losses	Total
	RMB'000 (a)	RMB'000 Note (11)	RMB'000	RMB'000
<b>Balance at 1 January 2010</b> . . . . .	41	2,664	(128,596)	(125,891)
Total loss and comprehensive loss for the year . . . . .	—	—	(301)	(301)
<b>Balance at 31 December 2010</b> . . . . .	<u>41</u>	<u>2,664</u>	<u>(128,897)</u>	<u>(126,192)</u>
<b>Balance at 1 January 2011</b> . . . . .	41	2,664	(128,897)	(126,192)
Total loss and comprehensive loss for the year . . . . .	—	—	(30,802)	(30,802)
<b>Balance at 31 December 2011</b> . . . . .	<u>41</u>	<u>2,664</u>	<u>(159,699)</u>	<u>(156,994)</u>
<b>Balance at 1 January 2012</b> . . . . .	41	2,664	(159,699)	(156,994)
Total loss and comprehensive loss for the year . . . . .	—	—	(20,061)	(20,061)
Contribution from a related party recognised directly in equity . . . . .	—	1,201	—	1,201
<b>Balance at 31 December 2012</b> . . . . .	<u>41</u>	<u>3,865</u>	<u>(179,760)</u>	<u>(175,854)</u>
<b>Balance at 1 January 2013</b> . . . . .	41	3,865	(179,760)	(175,854)
Total loss and comprehensive loss for the period . . . . .	—	—	(14,847)	(14,847)
<b>Balance at 30 June 2013</b> . . . . .	<u>41</u>	<u>3,865</u>	<u>(194,607)</u>	<u>(190,701)</u>
(Unaudited)				
<b>Balance at 1 January 2012</b> . . . . .	41	2,664	(159,699)	(156,994)
Total loss and comprehensive loss for the period . . . . .	—	—	(13,387)	(13,387)
Contribution from a related party recognised directly in equity . . . . .	—	835	—	835
<b>Balance at 30 June 2012</b> . . . . .	<u>41</u>	<u>3,499</u>	<u>(173,086)</u>	<u>(169,546)</u>

note:

(a) *Statutory surplus reserve*

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, Shanghai Fengxiang shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

## 10 BORROWINGS

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
– Banks, secured (a) . . . . .	140,000	131,000	121,000	109,000
Less: Current portion of long-term borrowings				
– Banks, secured (a) . . . . .	(9,000)	(10,000)	(12,000)	(12,000)
	<u>131,000</u>	<u>121,000</u>	<u>109,000</u>	<u>97,000</u>
Borrowings included in current liabilities:				
– Short-term borrowings from a micro-credit company, secured (b) . . . . .	5,000	5,000	–	–
Add: Current portion of long-term borrowings				
– Banks, secured (a) . . . . .	9,000	10,000	12,000	12,000
	<u>14,000</u>	<u>15,000</u>	<u>12,000</u>	<u>12,000</u>

notes:

- (a) Shanghai Fengxiang's bank borrowings are secured by properties held for sale (Note 5), and property, plant and equipment (Note 4).

As at 31 December 2010, 2011 and 2012 and 30 June 2013, Mr. Gu Jiabin provided personal guarantee to the bank for the borrowings.

- (b) Shanghai Fengxiang's borrowings from a micro-credit company are secured by properties held for sale (Note 5).

The maturity of non-current borrowings at each of the reporting period ends is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Between 1 and 2 years . . . . .	10,000	12,000	12,000	13,000
Between 2 and 5 years . . . . .	37,000	40,000	44,000	48,000
Above 5 years . . . . .	84,000	69,000	53,000	36,000
	<u>131,000</u>	<u>121,000</u>	<u>109,000</u>	<u>97,000</u>

The weighted average effective interest rates as at 31 December 2010, 2011 and 2012 were as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
Bank borrowings . . . . .	<u>7.05%</u>	<u>8.02%</u>	<u>7.39%</u>	<u>7.39%</u>

The exposure of Shanghai Fengxiang's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less	6 – 12 months	1 – 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
As at 31 December 2010 . . . . .	131,000	–	–	131,000
As at 31 December 2011 . . . . .	121,000	–	–	121,000
As at 31 December 2012 . . . . .	109,000	–	–	109,000
As at 30 June 2013 . . . . .	–	97,000	–	97,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Borrowings included in current liabilities:				
As at 31 December 2010 . . . . .	14,000	–	–	14,000
As at 31 December 2011 . . . . .	15,000	–	–	15,000
As at 31 December 2012 . . . . .	12,000	–	–	12,000
As at 30 June 2013 . . . . .	–	12,000	–	12,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

The carrying amounts of the borrowings of Shanghai Fengxiang are denominated in RMB and approximate their fair value.

## 11 LONG-TERM PAYABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Long-term payables . . . . .	50,043	39,470	22,286	17,850
Less: Current portion of long-term payables . . .	(12,808)	(12,561)	(9,897)	(9,901)
	<u>37,235</u>	<u>26,909</u>	<u>12,389</u>	<u>7,949</u>

When Shanghai Fengxiang entered into sales agreements with purchasers of shopping mall units, separate operating lease contracts are also signed with these purchasers by Shanghai Fengxiang or by its related parties, namely Shanghai Qingpu Residence Development Co., Ltd. ("Qingpu Residence") or Shanghai Ganglong Enterprises Management Co., Ltd. ("Ganglong Enterprises"), to lease back these sold units for varied lease period less than 10 years at guarantee rental expenses. The shopping mall units were mostly leased out to a supermarket retailer of home construction materials at a much lower rental income than the guarantee rental expenses. The directors consider that the sales and leaseback transactions are linked transactions, and the differences of the future rentals are in substance discounts to the original sales price, Shanghai Fengxiang therefore recorded the sales net off the present value of net rental expenses upon revenue recognition.

For the leaseback agreements signed by Shanghai Fengxiang or Qingpu Residence, Shanghai Fengxiang paid the guarantee rental expenses and received the rental income of the relevant sold units, long term payables are therefore recognised for the present value of these future net rental expenses.

For those leaseback agreements signed by Ganglong Enterprises, Ganglong Enterprises paid the guarantee rental expenses and received the rental income of the relevant sold units, if any. The present value of these future net rental expenses are therefore regarded as a contribution of shareholder's related party, and recorded as other reserves (Note 9).

The movement of long-term payables is as follows:

	RMB'000
<b>Balance at 1 January 2010</b> .....	58,880
Finance charges (Note 19) .....	3,178
Payment of leaseback rental costs .....	<u>(12,015)</u>
<b>Balance at 31 December 2010</b> .....	<u>50,043</u>
<b>Balance at 1 January 2011</b> .....	50,043
Finance charges (Note 19) .....	2,613
Payment of leaseback rental costs .....	<u>(13,186)</u>
<b>Balance at 31 December 2011</b> .....	<u>39,470</u>
<b>Balance at 1 January 2012</b> .....	39,470
Finance charges (Note 19) .....	2,177
Payment of leaseback rental costs .....	<u>(12,932)</u>
Gains on early termination of leaseback agreements .....	<u>(6,429)</u>
<b>Balance at 31 December 2012</b> .....	<u>22,286</u>
<b>Balance at 1 January 2013</b> .....	22,286
Finance charges (Note 19) .....	659
Payment of leaseback rental costs .....	<u>(5,095)</u>
<b>Balance at 30 June 2013</b> .....	<u>17,850</u>
(Unaudited)	
<b>Balance at 1 January 2012</b> .....	39,470
Finance charges (Note 19) .....	1,167
Payment of leaseback rental costs .....	<u>(6,467)</u>
<b>Balance at 30 June 2012</b> .....	<u>34,170</u>

## 12 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables .....	73,431	253,170	283,046	288,183
Amounts due to related parties (Note 23) .....	55,070	201,911	209,400	397,644
Payable to an individual (a) .....	9,853	9,853	9,186	–
Deposits from tenants .....	1,980	1,980	1,980	2,035
Business and other taxes payable .....	723	1,413	1,183	1,269
Payables to Gu Weiming Fund (Note 18 (a)) .....	–	11,290	12,565	13,265
Lease payables to customers .....	–	–	6,365	10,898
Others .....	947	1,039	1,037	1,404
	<u>142,004</u>	<u>480,656</u>	<u>524,762</u>	<u>714,698</u>

note:

- (a) On 30 June 2013, the balance of payable to an individual person was offset and transferred to Mr. Gu Jiabin pursuant to a tri-party agreement.

The aging analysis of trade payables as at 31 December 2010, 2011 and 2012 and 30 June 2013 are as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year . . . . .	43,757	180,319	30,048	6,041
Between 1 and 2 years . . . . .	27,354	43,757	180,319	30,043
Between 2 and 3 years . . . . .	–	27,354	43,657	180,297
Over 3 years . . . . .	2,320	1,740	29,022	71,802
	<u>73,431</u>	<u>253,170</u>	<u>283,046</u>	<u>288,183</u>

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the carrying amounts of trade and other payables are all denominated in RMB.

### 13 ADVANCED PROCEEDS RECEIVED FROM CUSTOMERS

Shanghai Fengxiang commences sales of properties and collection of proceeds from customers before the properties are completed and delivered to customers. Such proceeds from customers are recorded as advanced proceeds received from customers before relevant sales are recognised.

### 14 REVENUE

Revenue of Shanghai Fengxiang for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013 consists of the following:

	Year ended 31 December			Six months ended	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Sales of properties . . . . .	89,500	20,727	4,443	2,860	4,052
Rental income . . . . .	<u>6,661</u>	<u>4,996</u>	<u>2,056</u>	<u>2,039</u>	<u>191</u>
	<u>96,161</u>	<u>25,723</u>	<u>6,499</u>	<u>4,899</u>	<u>4,243</u>

## 15 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of properties sold . . . . .	45,467	8,925	2,016	1,272	1,597
Rental costs . . . . .	4,094	3,955	3,471	2,228	1,990
Business tax and surcharges (a) . . . . .	5,145	1,376	412	306	226
Depreciation of property, plant and equipment (Note 4) . . . . .	2,214	3,279	2,516	1,534	799
Bank charges . . . . .	9	6	94	15	6
Staff costs (Note 16) . . . . .	1,288	1,436	1,438	700	704
Entertainment expenses . . . . .	2,053	1,022	154	46	56
Professional fees . . . . .	465	345	371	203	269
Auditors' remuneration . . . . .	30	30	30	30	–
Advertising and publicity costs . . . . .	2,500	–	–	–	–
Office and meeting expenses . . . . .	3,840	4,143	4,301	2,169	1,778
Travelling expenses . . . . .	2,380	1,552	2,437	1,216	9
Provision for impairment of receivables (Note 6) . . . . .	565	217	172	149	94
Other expenses . . . . .	3,052	1,113	891	647	628
Total cost of sales, selling and marketing costs and administrative expenses . . . . .	<u>73,102</u>	<u>27,399</u>	<u>18,303</u>	<u>10,515</u>	<u>8,156</u>

*note:*

- (a) Shanghai Fengxiang is subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 7% of business tax.

## 16 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Wages and salaries . . . . .	1,021	1,155	1,149	563	554
Pension . . . . .	267	281	289	137	150
	<u>1,288</u>	<u>1,436</u>	<u>1,438</u>	<u>700</u>	<u>704</u>

## 17 OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants . . . . .	<u>376</u>	<u>200</u>	<u>409</u>	<u>409</u>	<u>–</u>

## 18 OTHER (LOSSES)/GAINS – NET

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Losses from disposal of property, plant and equipment . . . . .	(430)	–	–	–	(1,874)
Gains on early termination of leaseback agreements . . . . .	–	–	6,429	–	–
Donation (a) . . . . .	(1,750)	(11,490)	(1,500)	(750)	(750)
Others . . . . .	(150)	(155)	(414)	(83)	(1,835)
	<u>(2,330)</u>	<u>(11,645)</u>	<u>4,515</u>	<u>(833)</u>	<u>(4,459)</u>

*note:*

- (a) On 28 February 2011, Shanghai Fengxiang entered into an agreement with Shanghai Charity Foundation to launch a charity fund, named as “Gu Weiming Fund”. Shanghai Fengxiang committed to donate RMB9,990,000 as the principal of Gui Weiming Fund, which was still handled and operated by Shanghai Fengxiang. Shanghai Fengxiang also committed to further donate RMB1,500,000 each year to Gu Weiming Fund since 2011.

The agreement was subsequently cancelled on 15 August 2013.

## 19 FINANCE COSTS/(INCOME) – NET

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Finance costs					
– Interest on bank loans . . . . .	10,283	12,100	10,136	5,583	5,535
– Other financial charges (Note 11) . . . . .	3,178	2,613	2,177	1,167	659
Total finance costs . . . . .	<u>13,461</u>	<u>14,713</u>	<u>12,313</u>	<u>6,750</u>	<u>6,194</u>
Finance income					
– Interest income on bank deposits . . . . .	(160)	(32)	(8)	(6)	(353)
Net finance costs . . . . .	<u>13,301</u>	<u>14,681</u>	<u>12,305</u>	<u>6,744</u>	<u>5,841</u>



## 20 INCOME TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax					
– PRC land appreciation tax . . . . .	<u>8,105</u>	<u>3,000</u>	<u>876</u>	<u>603</u>	<u>634</u>

The income tax on Shanghai Fengxiang's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of Shanghai Fengxiang as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) before income tax . . . . .	7,804	(27,802)	(19,185)	(12,784)	(14,213)
PRC land appreciation tax . . . . .	<u>(8,105)</u>	<u>(3,000)</u>	<u>(876)</u>	<u>(603)</u>	<u>(634)</u>
	<u>(301)</u>	<u>(30,802)</u>	<u>(20,061)</u>	<u>(13,387)</u>	<u>(14,847)</u>
Income tax calculated at statutory rate of 25% . . . . .	(75)	(7,700)	(5,015)	(3,347)	(3,712)
Tax losses not recognised as deferred tax assets . . . . .	75	7,700	5,015	3,347	3,712
PRC land appreciation tax . . . . .	<u>(8,105)</u>	<u>(3,000)</u>	<u>(876)</u>	<u>(603)</u>	<u>(634)</u>
Total income tax expense . . . . .	<u>(8,105)</u>	<u>(3,000)</u>	<u>(876)</u>	<u>(603)</u>	<u>(634)</u>

**PRC corporate income tax**

Shanghai Fengxiang is subject to PRC Corporate Income Tax of 25% for the Relevant Periods.

**Land appreciation tax**

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the income statements as income tax expense.

## 21 NET CASH USED IN OPERATIONS

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit before income tax . . . . .	7,804	(27,802)	(19,185)	(12,784)	(14,213)
Adjustments for:					
– Depreciation (Note 15) . . . . .	2,214	3,279	2,516	1,534	799
– Losses on disposal of property, plant and equipment (Note 18) . . . . .	430	–	–	–	1,874
– Provision for impairment of receivables (Note 15) . . . . .	565	217	172	149	94
– Finance costs (Note 19) . . . . .	10,283	12,100	10,136	5,583	5,535
– Interest income (Note 19) . . . . .	(160)	(32)	(8)	(6)	(353)
– Contribution from a related party recognised directly in equity . . . . .	–	–	1,201	835	–
Changes in working capital					
– Prepayments for construction costs . . . . .	–	–	–	–	(50,000)
– Properties held or under development for sales (excluding capitalised interest) . . . . .	1,563	(215,635)	(31,102)	(18,513)	(55,603)
– Trade and other receivables and prepayments relating to operating activities . . . . .	2,929	(135)	223	(504)	(27)
– Advanced proceeds received from customers . . . . .	(74,931)	(7,147)	(652)	(1,053)	(2,822)
– Trade and other payables relating to operating activities . . . . .	40,546	192,811	37,617	20,256	61,378
– Long-term payables . . . . .	(8,836)	(10,573)	(17,184)	(5,299)	(4,436)
Net cash used in operations . . . . .	<u>(17,593)</u>	<u>(52,917)</u>	<u>(16,266)</u>	<u>(9,802)</u>	<u>(57,774)</u>

## 22 COMMITMENTS

*Property development expenditure commitments*

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for . . . . .	<u>412,100</u>	<u>236,356</u>	<u>334,996</u>	<u>228,002</u>

## 23 RELATED-PARTY TRANSACTIONS

*(a) Name and relationship with related parties*

- (i) The ultimate controlling shareholder of Shanghai Fengxiang  
Mr. Gu Jiabin (顧佳斌)
- (ii) Controlled by Mr. Gu Jiabin  
Shanghai Jiadi Property Co., Ltd (上海佳邸置業有限公司) (“Jiadi Property”)  
Shanghai Langjing Construction & Decoration Co., Ltd (上海朗鏡建築裝飾有限公司) (“Langjing Decoration”)  
Shanghai Qingzhu Property Management Co., Ltd (上海青住物業管理有限公司) (“Qingzhu Property Management”)  
Shanghai Zirui Decoration Co., Ltd (上海梓瑞裝潢工程有限公司) (“Zirui Decoration”)
- (iii) Substantially influenced by Mr. Gu Jiabin  
Shanghai Deliang Property Management Co., Ltd (上海德梁物業管理有限公司) (“Deliang Property Management”)  
Shanghai Ganglong Enterprises Management Co., Ltd (上海港隆企業管理有限公司) (“Ganglong Enterprises”)  
Shanghai Gongqing Real Estate Co., Ltd (上海公青房地產開發有限公司) (“Gongqing Real Estate”)  
Shanghai Guocheng Trading Development Co., Ltd (上海國澄商貿發展有限公司) (“Guocheng Trading”)  
Shanghai Haluowei Advertising Services (上海哈洛威廣告設計部) (“Haluowei Advertising”)  
Shanghai Hanbing Industrial Co., Ltd (上海翰秉實業有限公司) (“Hanbing Industrial”)  
Shanghai Huanleganglong Department Store Co., Ltd (上海歡樂港隆百貨有限公司) (“Huanleganglong”)  
Shanghai Jianyi Trading Co., Ltd (上海建易商貿有限公司) (“Jianyi Trading”)  
Shanghai Jiucheng Industrial Co., Ltd (上海玖澄實業有限公司) (“Jiucheng Industrial”)  
Shanghai Jucheng Construction Equipment Co., Ltd (上海巨誠建築設備有限公司) (“Jucheng Equipment”)  
Shanghai Kangcheng Properties Co., Limited (上海康城置業有限公司) (“Kangcheng Properties”)  
Shanghai Linyang Advertising Co., Ltd (上海臨洋廣告有限公司) (“Linyang Advertising”)  
Shanghai Lvman Industrial Co., Ltd (上海綠蔓實業有限公司) (“Lvman Industrial”)  
Shanghai Meimei Real Estate Co., Ltd (上海眉美房地產開發有限公司) (“Meimei Real Estate”)  
Shanghai Nanxiao Fire Engineering Equipment Co., Ltd. (上海南曉消防工程設備有限公司) (“Nanxiao Equipment”)  
Shanghai Pandi Trading Co., Ltd (上海磐棣商貿有限公司) (“Pandi Trading”)  
Shanghai Panxiang Trading Co., Ltd (上海磐祥商貿有限公司) (“Panxiang Trading”)  
Shanghai Panyi Industrial Co., Ltd (上海磐儀實業有限公司) (“Panyi Industrial”)  
Shanghai Puai Yoga Fitness Club (上海普愛瑜伽健身娛樂部) (“Puai Yoga”)  
Shanghai Qinghuan Trading Co., Ltd (上海青洹商貿有限公司) (“Qinghuan Trading”)

Shanghai Qingpu Real Estate Co., Ltd (上海青浦房地產有限公司) (“Qingpu Real Estate”)

Shanghai Qingpu Residence Development Co., Ltd (上海青浦住宅開發有限公司) (“Qingpu Residence”)

Shanghai Qingxi Properties Co., Limited (上海青溪置業有限公司) (“Qingxi Properties”)

Shanghai Qingyuan Construction Co., Ltd (上海青園建設有限公司) (“Qingyuan Construction”)

Shanghai Qixiang Industrial Co., Ltd (上海琦象實業有限公司) (“Qixiang Industrial”)

Shanghai Taotao Industrial Co., Ltd (上海濤滔實業有限公司) (“Taotao Industrial”)

Shanghai Tianqiong Industrial Co., Ltd (上海天瓊實業有限公司) (“Tianqiong Industrial”)

Shanghai Tingnan Trading Co., Ltd (上海廷南商貿有限責任公司) (“Tingnan Trading”)

Shanghai Weiyuan Properties Co., Limited (上海衛遠置業有限公司) (“Weiyuan Properties”)

Shanghai Xiangbai Business Advisory Services (上海湘柏商務諮詢服務部) (“Xiangbai Advisory”)

Shanghai Xiangfu Landscaping Co., Ltd (上海祥符園林綠化有限公司) (“Xiangfu Landscaping”)

Shanghai Yinggang Economic City (上海盈港經濟城) (“Yinggang City”)

Shanghai Zedi Trading Co., Ltd (上海澤邸商貿有限公司) (“Zedi Trading”)

Shanghai Zezhen Trading Co., Ltd (上海澤圳商貿有限公司) (“Zezhen Trading”)

Shanghai Zhenfang Construction Engineering Co., Ltd (上海振紡建設工程有限公司) (“Zhenfang Engineering”)

Shanghai Zhenmei Food Co., Ltd (上海臻美餐飲有限公司) (“Zhenmei Food”)

Shanghai Zhenpu Real Estate Development Co., Ltd (上海振浦置業發展有限公司) (“Zhenpu Real Estate”)

Shanghai Zongsheng Decoration Co., Ltd (上海宗盛建築裝飾工程有限公司) (“Zongsheng Decoration”)

Shanghai Zongzheng Business Co., Ltd (上海宗正商務有限責任公司) (“Zongzheng Business”)

(iv) The related person of Mr. Gu Jiabin

Mr. Gu Jiahua (顧佳華)

Mr. Gu Renyi (顧仁怡)

Mr. Gui Lianying (歸蓮英)

Mr. Liu Weihe (劉衛和)

The English name of the PRC companies above in this note represent management's best efforts in translating the Chinese names of these companies as no English names have been registered or available.

*(b) Transactions with related parties*

During each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, Shanghai Fengxiang had the following related party transactions:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
(i) Construction services provided by a related party Zongsheng Decoration . . . .	-	-	-	-	50,000
(ii) Advertising services provided by a related party Haluowei Advertising . . . . .	2,500	-	-	-	-
(iii) Property management services provided by a related party Qingzhu Property Management . . . . .	1,000	1,000	1,000	500	500
(iv) Providing assets pledged for related parties' bank loans Zhenfang Engineering (Note 5) . . . . . Jiucheng Industrial (Note 5) . . . . .	-	-	18,958	18,958	-
	-	-	17,294	-	-
(v) During each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, Shanghai Fengxiang leased part of the properties held for sale to Ganglong Enterprise without any charge.					

*(c) Key management compensation*

Key management includes directors (executive and non-executive). The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other short-term employee benefits . . . . .	<u>410</u>	<u>327</u>	<u>328</u>	<u>164</u>	<u>165</u>

*(d) Related-party balances*

	As at 31 December			As at 30 June 2013
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
(i) Amounts due from related parties (Note 6)				
Mr. Gu Jiabin . . . . .	16,996	–	–	–
Mr. Liu Weihe . . . . .	1,300	1,300	1,300	–
Guocheng Trading . . . . .	–	8,000	5,000	–
Jiadi Property . . . . .	180	168	–	–
Kangcheng Properties . . . . .	3,500	3,500	3,500	–
Lvman Industrial . . . . .	–	3,226	–	–
Pandi Trading . . . . .	–	–	210	–
Panyi Industrial . . . . .	–	5	250	–
Puai Yoga . . . . .	160	171	255	–
Qinghuan Trading . . . . .	–	5	–	–
Qingpu Dashen . . . . .	700	–	–	–
Qingpu Residence . . . . .	22,300	22,300	22,300	–
Qingxi Properties . . . . .	332	332	332	–
Weiyuan Properties . . . . .	500	–	–	–
Xiangbai Advisory . . . . .	4,000	–	–	–
Zezen Trading . . . . .	10	4	4	–
Zhenfang Engineering . . . . .	–	–	1,770	–
Zhenmei Food . . . . .	–	1	1,143	–
Zongsheng Decoration . . . . .	500	–	–	–
Zongzheng Business . . . . .	–	5,397	1,890	–
Taotao Industrial . . . . .	–	86,400	99,543	198,544
	<u>50,478</u>	<u>130,809</u>	<u>137,497</u>	<u>198,544</u>

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
(ii) Amounts due to related parties (Note 12)				
Mr. Gu Jiabin . . . . .	–	62,301	112,486	347,644
Mr. Gu Renyi . . . . .	15	507	428	–
Mr. Gui Lianying . . . . .	225	225	–	–
Mr. Liu Weihe . . . . .	2,172	2,172	2,172	–
Deliang Property Management . . . . .	350	–	670	–
Ganglong Enterprises . . . . .	4,647	14,537	28,597	–
Gongqing Real Estate . . . . .	689	689	–	–
Haluowei Advertising . . . . .	2,130	9,900	9,020	–
Hanbing Industrial . . . . .	2,500	2,440	–	–
Huanleganglong . . . . .	–	2,990	940	–
Jiadi Property . . . . .	–	–	332	–
Jianyi Trading . . . . .	340	335	–	–
Jucheng Equipment . . . . .	240	240	240	–
Langjing Decoration . . . . .	5,000	17,309	–	–
Linyang Advertising . . . . .	2,825	2,825	2,825	–
Lyman Industrial . . . . .	70	–	–	–
Meimei Real Estate . . . . .	–	28	28	–
Nanxiao Equipment . . . . .	1,880	1,880	1,880	–
Pandi Trading . . . . .	90	90	–	–
Panxiang Trading . . . . .	95	95	–	–
Qingpu Residence . . . . .	16,187	16,274	10,486	–
Qingyuan Construction . . . . .	5,000	5,000	5,000	–
Qingzhu Property Management . . . . .	3,250	14,050	15,050	–
Qixiang Industrial . . . . .	90	90	–	–
Taotao Industrial . . . . .	545	540	–	–
Tianqiong Industrial . . . . .	20	20	–	–
Tingnan Trading . . . . .	15	10,795	–	–
Xiangbai Advisory . . . . .	–	100	100	–
Yinggang City . . . . .	1,280	1,280	1,280	–
Zedi Trading . . . . .	80	80	–	–
Zhenmei Food . . . . .	371	–	–	–
Zhenpu Real Estate . . . . .	2,000	15,000	15,000	–
Zirui Decoration . . . . .	2,964	2,594	2,324	–
Zongsheng Decoration . . . . .	–	17,525	542	50,000
	<u>55,070</u>	<u>201,911</u>	<u>209,400</u>	<u>397,644</u>

The amounts due from and due to related parties are unsecured, non-interest bearing and repayable on demand.

On 30 June 2013, Shanghai Fengxiang entered into offsetting receivables and payables agreements with Mr. Gu Jiabin and other related parties. The payables due to other related parties totalling RMB120,195,000 and the receivables due from other related parties totalling RMB39,001,000 were transferred to and offset with the balance of Mr. Gu Jiabin.

## 24 EVENTS AFTER THE BALANCE SHEET DATE

Save as disclosed elsewhere in the notes to the financial information of Shanghai Fengxiang set out above, there is no other material subsequent event undertaken by Shanghai Fengxiang after 30 June 2013.

**IV SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2013 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2013.

Yours faithfully,  
**PricewaterhouseCoopers**  
*Certified Public Accountants*  
Hong Kong



## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set forth in this appendix does not form part of the “Accountant’s Report” from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, the reporting accountant of our Company, as set forth in Appendix I to this prospectus, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with the section headed “Financial Information” in this prospectus and the “Accountant’s Report” in Appendix I to this prospectus.

### A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets of the 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 our net tangible assets as at June 30, 2013 as if the Global Offering had taken place on that date. The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purpose only and, because of its hypothetical nature, it may not give a true picture of our consolidated net tangible assets of the Group as at June 30, 2013 or at any future dates following the Global Offering. The unaudited pro forma adjusted net tangible assets is based on the audited consolidated net tangible assets of our Group attributable to our equity holders as at June 30, 2013 as set out in the “Accountant’s Report” of our Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of our Group attributable to equity holders of our Company as at June 30, 2013 <sup>(1)</sup>	Estimated net proceeds from the Global Offering <sup>(2)</sup>	Unaudited pro forma adjusted net tangible assets attributable to equity holders of our Company as at June 30, 2013 <sup>(3)</sup>	Unaudited pro forma adjusted net tangible assets per Share <sup>(3)</sup>	
	RMB'000	RMB'000	RMB'000	RMB	HK\$
Based on an Offer					
Price of					
HK\$4.20 per					
Share . . . . .	1,651,440	972,373	2,623,813	2.09	2.63
Based on an Offer					
Price of					
HK\$5.48 per					
Share . . . . .	1,651,440	1,291,936	2,943,376	2.35	2.95

*Notes:*

- (1) The consolidated net tangible assets of our Group attributable to our equity holders as at June 30, 2013 is extracted from the “Accountant’s Report” of our Company as set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to our equity holders as at June 30, 2013 of RMB1,653,106,000 with an adjustment for the intangible assets as at June 30, 2013 of RMB1,666,000.
- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$4.20 and HK\$5.48 per Share, respectively, after deduction of the underwriting fees and other estimated related fees and expenses payable for the Global Offering (excluding amounts which have been accounted for by the Group up to June 30, 2013) and do not take into account any Shares which may be issued pursuant to the Over-allotment Option or any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the Repurchase Mandate. For illustrative purpose, the estimated net proceeds are translated from Hong Kong dollars into Renminbi at the exchange rate of HK\$1.00 to RMB0.7966.

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (3) The unaudited pro forma adjusted net tangible assets per Share are determined after the adjustments as described in the preceding paragraphs and on the basis that 1,253,691,469 Shares were in issue immediately following the completion of the Global Offering but takes no account of any Shares which may be issued pursuant to the Over-allotment Option or of any Shares which may be granted and issued or repurchased by the Company pursuant to the general mandate and the Repurchase Mandate. For illustrative purpose, the unaudited pro forma adjusted net tangible assets per Share is translated from Renminbi into Hong Kong dollars at the exchange rate of HK\$1.00 to RMB0.7966.
- (4) As at August 31, 2013, our properties under development and completed properties held for sale were valued by DTZ Debenham Tie Leung Limited, an independent valuer. The net revaluation surplus, representing the excess of market value of these property interests over their book value, has not been included in our consolidated financial information as at June 30, 2013 because our properties under development and completed properties held for sale are stated at the lower of cost and net realizable value for accounting purpose. The above adjustments do not take into account such revaluation surplus.
- (5) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to June 30, 2013.

### B. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP AS AT JUNE 30, 2013

The following is an illustrative unaudited pro forma statement of assets and liabilities of the Group and Shanghai Fengxiang (collectively referred to as the “Enlarged Group”) on the basis of the notes set forth below for the purpose of illustrating the effect of the proposed acquisition of Shanghai Fengxiang and a shareholder’s loan due by Shanghai Fengxiang pursuant to the purchase agreement (the “Purchase Agreement”) dated 18 July 2013 (the “Acquisition”), as if the Acquisition had taken place on 30 June 2013. The total consideration is preliminarily estimated as RMB912,854,000, based on the purchase price and agreed deducting items pursuant to the Purchase Agreement.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial positions of the Enlarged Group had the Acquisition been completed as at 30 June 2013 or any future dates.

ASSETS	The Group	Pro forma adjustments				The Enlarged Group
		Shanghai Fengxiang	Other pro forma adjustments			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 1	Note 2	Note 3(a)	Note 3(b)	Note 3(c)	Note 3(d)
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment . . . . .	15,230	8,475	(3,828)		9,506	29,383
Investment properties . . . . .	313,000	–				313,000
Intangible assets . . . . .	1,666	–				1,666
Investments in jointly controlled entities . . . . .	303,856	–				303,856
Deferred income tax assets . . . . .	129,940	–				129,940
	<b>763,692</b>	<b>8,475</b>				<b>777,845</b>

## APPENDIX II      UNAUDITED PRO FORMA FINANCIAL INFORMATION

ASSETS	Pro forma adjustments						The Enlarged Group
	The Group	Shanghai Fengxiang	Other pro forma adjustments				
	RMB'000 Note 1	RMB'000 Note 2	RMB'000 Note 3(a)	RMB'000 Note 3(b)	RMB'000 Note 3(c)	RMB'000 Note 3(d)	
<b>Current assets</b>							
Prepayments for leasehold land . . . . .	146,850	–					146,850
Properties held or under development for sale . . . . .	9,298,613	528,168	(397)			640,160	10,466,544
Trade and other receivables and prepayments . . . . .	942,072	250,314	(1,770)			(50,000)	1,140,616
Prepaid income taxes . . . . .	119,981	–					119,981
Financial assets at fair value through profit or loss . . . . .	134	–					134
Restricted cash . . . . .	562,465	528	(528)				562,465
Cash and cash equivalents . . . . .	981,094	497	(497)		(347,644)	(102,356)	531,094
	<u>12,051,209</u>	<u>779,507</u>					<u>12,967,684</u>
<b>Total assets . . . . .</b>	<u><b>12,814,901</b></u>	<u><b>787,982</b></u>					<u><b>13,745,529</b></u>
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>							
Borrowings . . . . .	2,880,061	97,000					2,977,061
Deferred income tax liabilities . . . . .	105,437	–					105,437
Trust loans related derivatives . . . . .	25,898	–					25,898
Long-term payables . . . . .	–	7,949				290,000	297,949
	<u>3,011,396</u>	<u>104,949</u>					<u>3,406,345</u>
<b>Current liabilities</b>							
Trade and other payables . . . . .	1,705,479	714,698		(13,265)	(347,644)	122,854	2,182,122
Advanced proceeds received from customers . . . . .	3,782,882	–					3,782,882
Current income tax liabilities . . . . .	670,099	37,135					707,234
Borrowings . . . . .	1,784,764	12,000					1,796,764
Current portion of long-term payables . . . . .	–	9,901					9,901
	<u>7,943,224</u>	<u>773,734</u>					<u>8,478,903</u>
<b>Total liabilities . . . . .</b>	<u><b>10,954,620</b></u>	<u><b>878,683</b></u>					<u><b>11,885,248</b></u>
<b>Net assets/(liabilities) . . . . .</b>	<u><b>1,860,281</b></u>	<u><b>(90,701)</b></u>					<u><b>1,860,281</b></u>

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## APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION

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*Notes:*

1. The balances represent the statement of assets and liabilities of the Group as at 30 June 2013 as extracted from the Accountant's Report as set out in Appendix I to this prospectus.
2. The balances represent the statement of assets and liabilities of Shanghai Fengxiang as at 30 June 2013 as extracted from Section III "Additional financial information on Shanghai Fengxiang" of the Accountant's Report as set out in Appendix I to this prospectus.
3. Other pro forma adjustments represents:
  - (a) The distribution of certain assets of Shanghai Fengxiang to Mr. Gu Jiabin (the "Seller") pursuant to the Purchase Agreement.
  - (b) The write off of donation payable of Shanghai Fengxiang, as the Seller undertakes to release Shanghai Fengxiang the obligation to pay accumulated donation payable amounting to RMB13,265,000 as of 30 June 2013 pursuant to the Purchase Agreement.
  - (c) The purchase of shareholder's loan of Shanghai Fengxiang due to the Seller amounting to RMB347,644,000, and the elimination of such shareholder's loan following the acquisition of Shanghai Fengxiang by the Group.
  - (d) The acquisition of Shanghai Fengxiang with effective equity interests of 100% attributable to the Group. Pursuant to the terms and conditions of the Purchase Agreement, the directors of the Company considered the substance of the Acquisition is the purchase of a group of assets of Shanghai Fengxiang. The purchase price after deducting certain liabilities and future obligations of Shanghai Fengxiang, totally amounting to RMB565,210,000 for the purpose of the unaudited pro forma financial information, are allocated to the office building and properties held or under development for sale of Shanghai Fengxiang based on their relative fair values at the acquisition date, among which an amount of RMB50,000,000 has been prepaid by the Group to the Seller in June 2013, an amount of RMB102,356,000 to be paid upon completion of the Acquisition, an amount of RMB122,854,000 to be paid after the Acquisition and the remaining amount of RMB290,000,000 to be paid two years after the Acquisition.
4. Other than those pro forma adjustments mentioned above, no other adjustment has been made to reflect any trading results or other transactions of the Group and Shanghai Fengxiang entered into subsequent to 30 June 2013.

**REPORT FROM THE REPORTING ACCOUNTANT OF THE COMPANY ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS**

TO THE DIRECTORS OF JINGRUI HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jingrui Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2013 and the unaudited pro forma statement of assets and liabilities of the enlarged group comprising the Group and Shanghai Fengxiang Property Development Co., Ltd. ("Shanghai Fengxiang") as at 30 June 2013, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-4 of the Company's prospectus dated 21 October 2013, in connection with the proposed initial public offering of the shares of the Company and the proposed acquisition of Shanghai Fengxiang respectively. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in notes as set out on pages II-1 to II-4.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering or the proposed acquisition of Shanghai Fengxiang on the Group's financial position as at 30 June 2013 respectively, as if the proposed initial public offering or the proposed acquisition of Shanghai Fengxiang had taken place at 30 June 2013 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 as at 30 June 2013, on which an accountant's report has been published.

**Directors' Responsibility 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").

**Reporting Accountant's 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 accountant comply with ethical requirements and 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 a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity 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 proposed initial public offering or the proposed acquisition of Shanghai Fengxiang at 30 June 2013 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 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 accountant's judgement, having regard to the reporting accountant's understanding of the nature of the company, 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.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company 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.

**PricewaterhouseCoopers***Certified Public Accountants*

Hong Kong, 21 October 2013

*The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this Prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Company as at 31 August 2013.*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

21 October 2013

The Directors  
Jingrui Holdings Limited  
23rd Floor East Building  
333 Chengdubei Road  
Shanghai  
PRC

Dear Sirs,

### **1. Instructions, Purpose & Date of Valuation**

In accordance with your instructions for us to value the property interests of Jingrui Holdings Limited (referred to as the “Company”) and its subsidiaries (together referred to as the “Group”) in the People’s Republic of China (the “PRC”) (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 31 August 2013.

### **2. Definition of Market Value**

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors 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”.

### **3. Valuation Basis and Assumptions**

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.



In the course of our valuation of the properties in the PRC, we have assumed that, unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Group and its legal adviser, Commerce & Finance Law Offices (通商律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the respective valuation certificate.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

#### **4. Method of Valuation**

In valuing the properties in Group I, which are properties held by the Group for sale in the PRC, we have used the direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

For property in Group II, which is held by the Group for investment in the PRC, we have valued either on the basis of capitalization of net income derived from the existing tenancies with allowance for the reversionary income potential of the property or by reference to comparable market transactions.

In valuing the properties in Groups III, IV and V which are held or intended to be acquired by the Group under construction or for future development in the PRC, we have valued on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us (if any). We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. 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 expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development. The "market value when completed" represents our opinion of the aggregate selling prices of the development assuming that it were completed as at the date of valuation.

#### **5. Sources of Information**

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal adviser, Commerce & Finance Law Offices (通商律師事務所) regarding the title to each of the properties and the interests of the Group in the properties in the PRC and have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

## 6. Title Investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group and its legal adviser regarding the Group's interests in the PRC properties.

## 7. Site Inspection

We have inspected the exterior and, whenever possible, the interior of the properties in 2013. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

## 8. Currency & Exchange Rates

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,  
for and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**Andrew K.F. Chan**  
*Registered Professional Surveyor (GP)*  
*Registered China Real Estate Appraiser*  
*MSc., M.H.K.I.S., M.R.I.C.S.*  
*Senior Director*

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*Note:* Mr. Andrew K. F. Chan is a Registered Professional Surveyor who has over 26 years of experience in the valuation of properties in the PRC.

## SUMMARY OF VALUATIONS

<u>Property</u>	<u>Market value in existing state as at 31 August 2013</u>	<u>Interest attributable to the Group</u>	<u>Market value in existing state attributable to the Group as at 31 August 2013</u>
	RMB	%	RMB
<b>Group I – Properties held by the Group for sale in the PRC</b>			
1. Unsold portion of Shanghai Jingrui Fair Town, Jiading District, Shanghai, the PRC  中國上海市嘉定區 上海景瑞•嘉城 未售部份	290,000,000	40%	116,000,000
2. Unsold portion of Shanghai Jingrui Softshore City, Baoshan District, Shanghai, the PRC  中國上海市寶山區 上海景瑞•嶺域 未售部份	50,000,000	100%	50,000,000
3. Unsold portion of Phases 1 to 2 of Suzhou Jingrui Royal Bay, No. 18 South Changsheng Road, Economic Development District, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市經濟開發區 常勝南路18號 蘇州景瑞•榮御藍灣一期至二期 未售部份	85,000,000	100%	85,000,000
4. Unsold portion of Phase 1 of Suzhou Jingrui Jade Bay, west of Tonghai Road, Chengxiang Town, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市城廂鎮通海路西側 蘇州景瑞•翡翠灣一期 未售部份	48,000,000	65%	31,200,000

Property	Market value in existing state as at 31 August 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2013
	RMB	%	RMB
5. Unsold portion of Changzhou Jingrui Dawn City, west of Qingfeng Park, Zhonglou District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市鐘樓區 青楓公園西側 常州景瑞•曦城 未售部份	198,000,000	100%	198,000,000
6. Unsold portion of Phase 1 of Changzhou Jingrui England County, south of Xinggang Avenue, east of Yulong road, Zhonglou District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市鐘樓區 星港大道南側、玉龍路東側 常州景瑞•英郡一期 未售部份	38,000,000	100%	38,000,000
7. Unsold portion of Phase 1 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區 南通景瑞•望府一期 未售部份	375,000,000	100%	375,000,000
8. Unsold portion of Phase 1 of Taizhou Jingrui Royal Bay, Hailing District, Taizhou, Jiangsu Province, the PRC  中國江蘇省泰州市海陵區 泰州景瑞•榮御藍灣一期 未售部份	68,000,000	100%	68,000,000

Property	Market value in existing state as at 31 August 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2013
	RMB	%	RMB
9. Unsold portion of Huzhou Jingrui Cin Cinnatti, Southwest District, Huzhou, Zhejiang Province, the PRC  中國浙江省湖州市西南分區 湖州景瑞•西西那堤 未售部份	34,000,000	100%	34,000,000
10. Unsold portion of Phases 1 to 3A of Tianjin Jingrui Sunny City, south of Jinyu Road, Xiaohezhuang Village, Xiaodian Town, Beichen District, Tianjin, the PRC  中國天津市北辰區小澗鎮 小賀莊村、津榆公路南側 天津景瑞•陽光尚城項目 一期至三期A區 未售部份	397,000,000	100%	397,000,000
11. Unsold portion of Phase 1 of Tianjin Jingrui England County, east of Baobai Road, Dabaizhuang Town, Baodi District, Tianjin, the PRC  中國天津市寶坻區大白莊鎮 寶白公路東側 天津景瑞•英郡一期 未售部份	431,000,000	100%	431,000,000
12. Unsold portion of Chongqing Jingrui Blue Vally, No. 99 Hongcaofangzheng Street, Shapingba District, Chongqing, the PRC  中國重慶市沙坪壩區 紅槽房正街99號 重慶景瑞•藍溪谷地 未售部份	159,000,000	100%	159,000,000

Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
13. Unsold portion of Phase 1 of Zhoushan Jingrui HOPSCA, Putuo District, Zhoushan, Zhejiang Province, the PRC  中國浙江省舟山市普陀區 舟山景瑞·豪布斯卡一期 未售部份	21,000,000	100%	21,000,000
14. Unsold portion of Xuhui New Town, Longwu Road, Xuhui District, Shanghai, the PRC  中國上海市徐匯區龍吳路 徐匯新城 未售部分	56,000,000	100%	56,000,000
15. Unsold portion of Phases 1 to 2 of Shanghai Fengxiang Project (Ganglong Plaza), 499 Lane, Yingang Road, Qingpu District, Shanghai, the PRC  中國上海市青浦區盈港路499弄 上海鳳翔項目一期至二期 (港隆廣場) 未售部份	366,000,000	80%	292,800,000
<b>Sub-total of Group I:</b>	<b>2,616,000,000</b>		<b>2,352,000,000</b>

<u>Property</u>	<u>Market value in existing state as at 31 August 2013</u> RMB	<u>Interest attributable to the Group</u> %	<u>Market value in existing state attributable to the Group as at 31 August 2013</u> RMB
<b>Group II – Property held by the Group for investment in the PRC</b>			
16. Shanghai Jingrui Life Square, Nos. 522-542, 520, 578, 588, 598, 608, 618, 628, 638, 700 Yingao West Road, Baoshan District, Shanghai, the PRC  中國上海市寶山區殷高西路522-542, 520, 578, 588, 598, 608, 618, 628, 638, 700號 上海景瑞•生活廣場	313,000,000	100%	313,000,000
<b>Sub-total of Group II:</b>	<b>313,000,000</b>		<b>313,000,000</b>

<u>Property</u>	<u>Market value in existing state as at 31 August 2013</u> RMB	<u>Interest attributable to the Group</u> %	<u>Market value in existing state attributable to the Group as at 31 August 2013</u> RMB
<b>Group III – Properties held by the Group under development in the PRC</b>			
17. The under construction development known as Phase 3 of Suzhou Jingrui Royal Bay, east of Changsheng Road, south of Chaoyang Road, Economic Development District, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市經濟開發區 常勝路東側，朝陽路南側 蘇州景瑞·榮御藍灣三期 在建項目	174,000,000	100%	174,000,000
18. The under construction development known as Phase 4 of Suzhou Jingrui Royal Bay, east of Changsheng Road, south of Chaoyang Road, Economic Development District, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市經濟開發區 常勝路東側，朝陽路南側 蘇州景瑞·榮御藍灣四期 在建項目	452,000,000	100%	452,000,000
19. The under construction development known as Phase 2 of Suzhou Jingrui Jade Bay, west of Tonghai Road, south of Donggu Road, Chengxiang Town, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市城廂鎮 通海路西側，東古路南側 蘇州景瑞·翡翠灣二期 在建項目	585,000,000	65%	380,250,000



Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
20. The under construction development known as Phase 3 of Suzhou Jingrui Jade Bay, west of Tonghai Road, south of Donggu Road, Chengxiang Town, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市城廂鎮通海路西側，東古路南側蘇州景瑞•翡翠灣三期在建項目	501,000,000	65%	325,650,000
21. The under construction development known as Phases 2 to 3 of Changzhou Jingrui England County, south of Xinggang Avenue, east of Yulong Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市鐘樓區星港大道南側、玉龍路東側常州景瑞•英郡二期至三期在建項目	967,000,000	100%	967,000,000
22. The under construction development known as Phases 1 to 2 of Changzhou Jingrui Dignity Mansion, east of Longjin Road, south of Yongning Road, Tianning District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市天寧區龍錦路以東、永寧路以南常州景瑞•望府一期至二期在建項目	723,000,000	51%	368,730,000

Property	Market value in existing state as at 31 August 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2013
	RMB	%	RMB
23. The under construction development known as Phase 2 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區 南通景瑞•望府二期 在建項目	544,000,000	100%	544,000,000
24. The under construction development known as Phase 3 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區 南通景瑞•望府三期 在建項目	285,000,000	100%	285,000,000
25. The under construction development known as Phases 2 to 3 of Taizhou Jingrui Royal Bay, Hailing District, Taizhou, Jiangsu Province, the PRC  中國江蘇省泰州市海陵區 泰州景瑞•榮御藍灣二期至三期 在建項目	835,000,000	100%	835,000,000
26. The under construction development known as Phases 1 to 2 of Shaoxing Jingrui Dignity Mansion, Shaoxing County, Shaoxing, Zhejiang Province, the PRC  中國浙江省紹興市紹興縣 紹興景瑞•望府一期至二期 在建項目	1,228,000,000	100%	1,228,000,000

Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
27. The under construction development known as Zhoushan Jingrui Peninsula Bay, Putuo District, Zhoushan, Zhejiang Province, the PRC  中國浙江省舟山市普陀區 舟山景瑞•半島灣 在建項目	644,000,000	100%	644,000,000
28. The under construction development known as Huzhou Jingrui Dignity Mansion, No. 888 Longshan Avenue, Changxing County, Huzhou, Zhejiang Province, the PRC  中國浙江省湖州市長興縣 龍山大道 888 號 湖州景瑞•望府 在建項目	651,000,000	100%	651,000,000
29. The under construction development known as Phases 3B to 4 of Tianjin Jingrui Sunny City, south of Jinyu Road, Xiaohezhuang Village, Xiaodian Town, Beichen District, Tianjin, the PRC  中國天津市北辰區小澗鎮 小賀莊村、津榆公路南側 天津景瑞•陽光尚城 三期B區至四期 在建項目	302,000,000	100%	302,000,000
30. The under construction development known as Phase 5 of Shanghai Jingrui Fair Town, Jiading District, Shanghai, the PRC  中國上海市嘉定區 上海景瑞•嘉城五期 在建項目	143,000,000	40%	57,200,000

Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
31. The under construction development known as Phases 1 to 2 of Ningbo Jingrui Dignity Mansion, Yinzhou District, Ningbo, Zhejiang Province, the PRC  中國浙江省寧波市鄞州區 寧波景瑞•望府一期至二期 在建項目	973,000,000	100%	973,000,000
32. The under construction development known as Phase 1 of Shaoxing Jingrui The Mansion, Yuecheng District, Shaoxing, Zhejiang, the PRC  中國浙江省紹興市越城區 紹興景瑞•上府一期 在建項目	535,000,000	100%	535,000,000
33. The under construction development known as Phase 1A of Chongqing Jingrui Royal Bay, Beibei District, Chongqing, the PRC  中國重慶市北碚區 重慶景瑞•御藍灣一期A區 在建項目	273,000,000	100%	273,000,000
<b>Sub-total of Group III:</b>	<b>9,815,000,000</b>		<b>8,994,830,000</b>

Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
<b>Group IV – Properties held by the Group for future development in the PRC</b>			
34. Development site for the proposed development known as Phase 4 of Suzhou Jingrui Jade Bay, Chengxiang Town, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市城廂鎮 蘇州景瑞·翡翠灣四期 待建項目土地	336,000,000	65%	218,400,000
35. Development site for the proposed development known as Phase 3 of Changzhou Jingrui Dignity Mansion, east of Longjin Road, south of Yongning Road, Tianning District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市天寧區 龍錦路以東、永寧路以南 常州景瑞·望府三期 待建項目土地	413,000,000	51%	210,630,000
36. Development site for the proposed development known as Phase 4 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區 南通景瑞·望府四期 待建項目土地	157,000,000	100%	157,000,000
37. Development site for the proposed development known as Phases 3 to 5 of Shaoxing Jingrui Dignity Mansion, Shaoxing County, Shaoxing, Zhejiang Province, the PRC  中國浙江省紹興市紹興縣 紹興景瑞·望府三期至五期 待建項目土地	1,543,000,000	100%	1,543,000,000

Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
38. Development site for the proposed development known as Phases 2 to 4 of Tianjin Jingrui England County, Baodi District, Tianjin, the PRC  中國天津市寶坻區 天津景瑞•英郡二期至四期 待建項目土地	503,000,000	100%	503,000,000
39. Development site for the proposed development known as Phase 1B of Chongqing Jingrui Royal Bay, Beibei District, Chongqing, the PRC  中國重慶市北碚區 重慶景瑞•御藍灣一期B區 待建項目土地	118,000,000	100%	118,000,000
40. Development site for the proposed development known as Phase 3 of Zhoushan Jingrui HOPSCA, Putuo District, Zhoushan, Zhejiang Province, the PRC  中國浙江省舟山市普陀區 舟山景瑞•豪布斯卡三期 待建項目土地	222,000,000	100%	222,000,000
41. Development site for the proposed development known as Portion of Phase 3 of Shanghai Fengxiang Project, located at 2/3 Qiu, 38 JieFang, Qingpu Town, Qingpu District, Shanghai, the PRC  中國上海市青浦區青浦鎮38街坊2/3丘 上海鳳翔項目三期部份待建項目土地	307,000,000	80%	245,600,000

Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
42. Development site for the proposed development known as Phase 2 of Shaoxing Jingrui The Mansion, Yuecheng District, Shaoxing, Zhejiang, the PRC  中國浙江省紹興市越城區 紹興景瑞•上府二期 待建項目土地	76,000,000	100%	76,000,000
43. Development site for the proposed development known as Yangzhou Jingrui Dignity Mansion, west of Xinsheng Road, south of Yanshan River, east of Northwest Ring Expressway, Yangzhou, Jiangsu Province, the PRC  中國江蘇省揚州市新盛路以西、 沿山河以南、西北繞城公路以東 揚州景瑞•望府 待建項目土地	505,000,000	100%	505,000,000
44. Development site for the proposed development known as Hangzhou Jingrui Royal Bay, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中國浙江省杭州市余杭區 杭州景瑞•御藍灣 待建項目土地	589,000,000	100%	589,000,000
<b>Sub-total of Group IV:</b>	<b>4,769,000,000</b>		<b>4,387,630,000</b>

Property	Market value in existing state as at 31 August 2013 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 31 August 2013 RMB
<b>Group V – Properties contracted to be acquired by the Group in the PRC</b>			
45. Land contracted to be acquired for the proposed development known as Nantong Jingrui Nobility Mansion, east of Haixing Road, south of Beijing Road, north of Jinan Road, Haimen, Jiangsu Province, the PRC  中國江蘇省海門市海興路以東、北京路以南、濟南路以北、南通景瑞·御江山 已簽約購買土地	No commercial value	100%	No commercial value <i>(See Note (1))</i>
46. Land contracted to be acquired for the proposed development known as Portion of Phase 3 of Shanghai Fengxiang Project, located at 2/3 Qiu, 38 JieFang, Qingpu Town, Qingpu District, Shanghai, the PRC  中國上海市青浦區青浦鎮38街坊2/3丘 上海鳳翔項目三期部份 已簽約購買土地	No commercial value	80%	No commercial value <i>(See Note (2))</i>
47. Land contracted to be acquired for the proposed development known as Shaoxing Jingrui Nobility Mansion, Zhuji, Zhejiang Province, the PRC  中國浙江省諸暨市 紹興景瑞·御江山 已簽約購買土地	No commercial value	100%	No commercial value <i>(See Note (3))</i>
48. Land contracted to be acquired for the proposed development known as Hangzhou Liangshu Project, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中國浙江省杭州市 余杭區杭州良熟項目 已簽約購買土地	No commercial value	100%	No commercial value <i>(See Note (4))</i>



Property	Market value in existing state as at 31 August 2013	Interest attributable to the Group	Market value in existing state attributable to the Group as at 31 August 2013
	RMB	%	RMB
49. Land contracted to be acquired for the proposed development known as Suzhou Wuzhong Project, east of Longxiang Road, north of Wenxi Road, Wuzhong Economic Development Area, Suzhou, Jiangsu Province, the PRC	No commercial value	100%	No commercial value (See Note (5))
中國江蘇省蘇州市吳中經濟開發區 龍翔路東側、文溪路北側 蘇州吳中項目 已簽約購買土地			
<b>Sub-total of Group V:</b>	<b>No commercial value</b>		<b>No commercial value</b>
<b>Grand Total of Groups I to V:</b>	<b>17,513,000,000</b>		<b>16,047,460,000</b>

## Notes:

- (1) For property No. 45, we have ascribed no commercial value to the property as the State-owned Land Use Right Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Right Certificate, the market value of the property in its existing state as at the date of valuation would be RMB302,000,000 (100.00% interest attributable to the Group: RMB302,000,000).
- (2) For property No. 46, we have ascribed no commercial value to the property as the State-owned Land Use Right Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Right Certificate, the market value of the property in its existing state as at the date of valuation would be RMB1,035,000,000 (80.00% interest attributable to the Group: RMB828,000,000).
- (3) For property No. 47, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at the date of valuation would be RMB301,000,000 (100.00% interest attributable to the Group: RMB301,000,000).
- (4) For property No. 48, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at the date of valuation would be RMB553,000,000 (100.00% interest attributable to the Group: RMB553,000,000).
- (5) For property No. 49, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at the date of valuation would be RMB1,230,000,000 (100.00% interest attributable to the Group: RMB1,230,000,000).

## VALUATION CERTIFICATE

## Group I – Properties held by the Group for sale in the PRC

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013
1. Unsold portion of Shanghai Jingrui Fair Town, Jiading District, Shanghai, the PRC  中國上海市嘉定區 上海景瑞•嘉城 未售部份	The property comprises the unsold portion of Shanghai Jingrui Fair Town.  Completed in 2011, the property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB290,000,000  (40% interest attributable to the Group: RMB116,000,000)
	<b>Use</b>	<b>Approximate gross floor area</b>	
		<b>sq m</b>	
	Residential	4,070.45	
	Retail	4,156.20	
	Carpark	27,694.80	
	<b>Total</b>	<b>35,921.45</b>	
	As advised by the Group, there are about 592 car parking spaces on basement.		
	The property is held with land use rights for a term due to expire on 28 July 2073 for residential use.		

*Notes:*

- According to State-owned Land Use Rights Certificate No. (2007) 005267 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 6 March 2007, the land use rights of the property having a site area of 63,636 sq m have been vested in Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) for a term due to expire on 28 July 2073 for residential use.
- According to two Completion and Acceptance Certificates for Construction Works issued by Construction and Transportation Committee of Jiading District Shanghai, the subject development has been completed with details as follows:

Certificate No.	Date of issue	Project name	Construction scale
			sq m
2009JD0286 . . . . .	13-Nov-09	Land Plot A and B for Huajiang Residence	154,641.34
2010SH0301 . . . . .	3-Dec-10	Residential for north portion of Phase 4 of Shanghai Jingrui Fair Town	46,100.18
<b>Total</b> . . . . .			<b>200,741.52</b>

As advised by the Group, the property with a total gross floor area of 35,921.45 sq m is part of the above certificates.

- According to Business License No. 310114000629668 dated 17 February 2009, Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) has been established on 16 August 2002 as a limited company with a registered capital of RMB100,000,000 and an operating period from 16 August 2002 to 15 August 2020.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Completion and Acceptance Certificates for Construction Works . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>										
2. Unsold portion of Shanghai Jingrui Softshore City, Baoshan District, Shanghai, the PRC  中國上海市寶山區 上海景瑞•嶺域 未售部份	The property comprises the unsold portion of Shanghai Jingrui Softshore City.  Completed in 2011, the property has a total gross floor area with details as follows:  <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <th style="text-align: right;"><u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">1,485.79</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;">10,678.95</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>12,164.74</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	1,485.79	Carpark	10,678.95	<b>Total</b>	<b>12,164.74</b>	As at the date of valuation, the property was vacant.	RMB50,000,000  (100% interest attributable to the Group: RMB50,000,000)
<u>Use</u>	<u>Approximate gross floor area</u>												
	<u>sq m</u>												
Residential	1,485.79												
Carpark	10,678.95												
<b>Total</b>	<b>12,164.74</b>												
	As advised by the Group, there are about 205 car parking spaces on basement.  The property is held with land use rights for a term due to expire on 14 April 2078 for residential use.												

*Notes:*

1. According to Shanghai Certificate of Real Estate Ownership No. (2010) 033036 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality, the land use rights of the property with a site area of 82,529 sq m for a term of 70 years commencing on 15 April 2008 for residential use and the building ownership of the property comprising a total gross floor area of 31,535.64 sq m have been vested in Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司).

According to Shanghai Certificate of Real Estate Ownership No. (2011) 028926 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 13 August 2011, the land use rights of the property with a site area of 82,529 sq m for a term of 70 years commencing on 15 April 2008 for residential use and the building ownership of the property comprising a total gross floor area of 61,323.44 sq m have been vested in Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司).

According to Shanghai Certificate of Real Estate Ownership No. (2012) 027387 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 30 August 2012, the land use rights of the property with a site area of 82,529 sq m for a term of 70 years commencing on 15 April 2008 for residential use and the building ownership of the property comprising a total gross floor area of 39,327.19 sq m have been vested in Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司).

As advised by the Group, the property with a total gross floor area of 12,164.74 sq m is part of the above certificates.

2. According to Business License No. 310113000726405 dated 28 January 2013, Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司) has been established on 8 April 2008 as a limited company with a registered capital of RMB20,000,000 and an operating period from 8 April 2008 to 7 April 2038.

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
4. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013
3. Unsold portion of Phases 1 to 2 of Suzhou Jingrui Royal Bay, No. 18 South Changsheng Road, Economic Development District, Taicang, Jiangsu Province, the PRC	The property comprises the unsold portion of Phases 1 to 2 of Suzhou Jingrui Royal Bay. Completed in 2013, the property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB85,000,000 (100% interest attributable to the Group: RMB85,000,000)
		<b>Approximate gross floor area</b>	
	<b>Use</b>	<b>sq m</b>	
中國江蘇省太倉市 經濟開發區常勝南路18號 蘇州景瑞·榮御藍灣 一期至二期未售部份	Residential	2,288.23	
	Retail	3,751.57	
	Carpark	9,533.58	
	<b>Total</b>	<b>15,573.38</b>	
	The property is held with land use rights for a term due to expire on 1 November 2077 for residential use.		

## Notes:

1. According to four State-owned Land Use Rights Certificates issued by Taicang State-owned Land Resources Bureau, the land use rights of the property having a site area of 175,230.60 sq m have been vested in Taicang Jingrui Property Co., Ltd (太倉景瑞置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area
				<b>sq m</b>
(2009) 022002216 . .	18-Mar-09	Residential	1-Nov-2077	88,162.50
(2009) 022005653 . .	9-Jun-09	Residential	1-Nov-2077	17,845.40
(2009) 022005654 . .	9-Jun-09	Residential	1-Nov-2077	29,154.60
(2009) 022008903 . .	29-Jul-09	Residential	1-Nov-2077	40,068.10
(2009) 022008661 . .	24-Jul-09	Residential	1-Nov-2077	54,359.80
<b>Total</b> . . . . .				<b>229,590.40</b>

2. According to eight Completion and Acceptance Certificates for Construction Works issued by Taicang Planning and Construction Bureau, the subject development with gross floor area of 351,151.70 sq m has been completed with details as follows:

Certificate No.	Date of issue	Project name	Construction scale
			<b>sq m</b>
2010137 . . . . .	21-Sep-10	Block No. 1-11	26,719.40
2009199 . . . . .	21-Dec-09	Block No. 12-32	61,651.22
2011173 . . . . .	9-Dec-11	Block No. 33, 34	71,841.08
2010188 . . . . .	29-Dec-10	Block No. 35-46	35,339.40
2012220 . . . . .	29-Dec-12	Block No. 66-68	104,050.66
2011174 . . . . .	9-Dec-11	Basement No. 1	4,898.29
2013071 . . . . .	29-May-13	Block No. 47-54, 56, 62	35,826.64
2013087 . . . . .	10-Jul-13	Basement No. 1-3 of Phase IV	10,825.01
<b>Total</b> . . . . .			<b>351,151.70</b>

As advised by the Group, the property with a total gross floor area of 15,573.38 sq m is part of the above certificates.

3. According to Business License No. 32058500063744 dated 29 March 2012, Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) has been established on 25 December 2007 as a limited company with a registered capital of RMB500,600,000 and an operating period from 25 December 2007 to 24 December 2037.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Portion of the property is subject to a mortgage in favour of Taicang Branch of Agricultural Bank of China;
  - (iv) Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Completion and Acceptance Certificates for Construction Works . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013
4. Unsold portion of Phase 1 of Suzhou Jingrui Jade Bay, west of Tonghai Road, Chengxiang Town, Taicang, Jiangsu Province, the PRC	The property comprises the unsold portion of Phase 1 of Suzhou Jingrui Jade Bay.  Completed in 2013, the property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB48,000,000  (65% interest attributable to the Group: RMB31,200,000)
中國江蘇省太倉市城廂鎮通海路西側蘇州景瑞•翡翠灣一期未售部份	<b>Use</b>	<b>Approximate gross floor area</b>	
		<b>sq m</b>	
	Residential	5,670.41	
	<b>Total</b>	<b>5,670.41</b>	
	The property is held with land use rights for a term due to expire on 19 May 2080 for residential use.		

## Notes:

1. According to ten State-owned Land Use Rights Certificates issued by Taicang State-owned Land Resources Bureau, the land use rights of the property with total site area of approximately 258,199.90 sq m have been vested in Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area
				sq m
(2010) 022008753 . . . .	24 June 2010	Residential; Commercial	19 May 2080	51,294.20
(2010) 022008754 . . . .	24 June 2010	Residential; Commercial	19 May 2080	47,525.70
(2010) 022008756 . . . .	24 June 2010	Residential; Commercial	19 May 2080	36,421.00
(2010) 022008757 . . . .	24 June 2010	Residential; Commercial	19 May 2080	25,240.90
(2010) 022008758 . . . .	24 June 2010	Residential; Commercial	19 May 2080	53,444.00
(2012) 022010638 . . . .	13 August 2012	Residential; Commercial	29 December 2081	16,815.80
(2012) 022010635 . . . .	13 August 2012	Residential; Commercial	29 December 2081	7,921.70
(2012) 022010636 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,679.10
(2012) 022010637 . . . .	13 August 2012	Residential; Commercial	29 December 2081	2,829.50
(2012) 022010632 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,028.00
<b>Total</b> . . . . .				<b>258,199.90</b>

2. According to three Completion and Acceptance Certificates for Construction Works issued by Taicang Planning and Construction Bureau, the subject development with gross floor area of 95,041.02 sq m has been completed with details as follows:

Certificate No.	Date of issue	Project name	Construction scale
			sq m
2011185 . . . . .	19-Dec-11	Block No. 1-6, 9-14, 17-19	41,308.50
2012184 . . . . .	30-Nov-12	Block No. 20-28	40,865.48
2013067 . . . . .	24-May-13	Block No. 7-8, 15-16, 53	12,867.04
<b>Total</b> . . . . .			<b>95,041.02</b>

As advised by the Group, the property with a total gross floor area of 5,670.41 sq m is part of the above certificates.

3. According to Business License No. 320585000115236 dated 2 June 2010, Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has been established on 6 January 2010 as a limited company with a registered capital of RMB150,000,000 and an operating period from 6 January 2010 to 5 January 2040.



4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Completion and Acceptance Certificates for Construction Works . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013										
5. Unsold portion of Changzhou Jingrui Dawn City, west of Qingfeng Park, Zhonglou District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市鐘樓區青楓公園西側常州景瑞•曦城未售部份	Changzhou Jingrui Dawn City is a residential development with retail and ancillary facilities.  The property comprises the unsold portion of Changzhou Jingrui Dawn City.  Completed in 2011, the property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB198,000,000  (100% interest attributable to the Group: RMB198,000,000)										
	<table border="1"> <thead> <tr> <th style="text-align: center;">Use</th> <th style="text-align: center;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">1,385.95</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">14,059.41</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;">12,960.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>28,405.36</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	1,385.95	Retail	14,059.41	Carpark	12,960.00	<b>Total</b>	<b>28,405.36</b>		
Use	Approximate gross floor area sq m												
Residential	1,385.95												
Retail	14,059.41												
Carpark	12,960.00												
<b>Total</b>	<b>28,405.36</b>												
	The property is held with land use rights for terms due to expire on 10 September 2046 for commercial use and on 10 September 2076 for residential use.												

## Notes:

- According to State-owned Land Use Rights Certificate No. (2007) 0210056 dated 10 September 2007, the land use rights of the land, comprising a total site area of 93,720.00 sq m, have been vested in Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) for terms due to expire on 10 September 2046 for commercial use and on 10 September 2076 for residential use.
- According to 31 Building Ownership Certificates issued by Changzhou Housing Property Rights Registration Center, the building ownership of the unsold retail portion comprising a total gross floor area of 14,059.41 sq m has been vested in Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
00558277	20-June-2012	Block No. 2-12	287.92
00558300	20-June-2012	Block No. 2-13	167.46
00558301	20-June-2012	Block No. 2-14	309.62
00558302	20-June-2012	Block No. 2-15	296.30
00558303	20-June-2012	Block No. 2-16	213.37
00558304	20-June-2012	Block No. 3-1	214.65
00558305	20-June-2012	Block No. 3-8	110.77
00558306	20-June-2012	Block No. 3-10	270.51
00558307	20-June-2012	Block No. 3-11	201.90
00558308	20-June-2012	Block No. 3-13	40.64
00558309	20-June-2012	Block No. 3-14	215.74
00558310	20-June-2012	Block No. 4-4	304.25
00558311	20-June-2012	Block No. 4-6	161.29
00558312	20-June-2012	Block No. 4-7	195.75
00558313	20-June-2012	Block No. 5-4	175.10

Certificate No.	Date of issue	Project name	Construction scale sq m
00558314 . . . . .	20-June-2012	Block No. 5-5	166.24
00558315 . . . . .	20-June-2012	Block No. 5-6	115.41
00558316 . . . . .	20-June-2012	Block No. 5-7	260.32
00558318 . . . . .	20-June-2012	Block No. 5-8	260.09
00558319 . . . . .	20-June-2012	Block No. 5-12	277.98
00558320 . . . . .	20-June-2012	Block No. 17-1	153.54
00558321 . . . . .	20-June-2012	Block No. 17-2	36.60
00558322 . . . . .	20-June-2012	Block No. 17-3	36.60
00558324 . . . . .	20-June-2012	Block No. 17-4	36.60
00558326 . . . . .	20-June-2012	Block No. 17-5	36.60
00558327 . . . . .	20-June-2012	Block No. 17-6	36.60
00558328 . . . . .	20-June-2012	Block No. 17-7	36.60
00558329 . . . . .	20-June-2012	Block No. 17-8	36.60
00558330 . . . . .	20-June-2012	Block No. 17-9	36.60
00558331 . . . . .	20-June-2012	Block No. 17-10	306.10
00558332 . . . . .	20-June-2012	Block No. 17-11	9,061.66
<b>Total</b> . . . . .			<u>14,059.41</u>

3. According to five Completion and Examination Registration Forms issued by Changzhou Construction Bureau, the subject development with total gross floor area of 251,159.31 sq m has been completed.

As advised by the Group, the property with a total gross floor area of 28,405.36 sq m is part of the above certificates and document.

4. According to Business License No. 320400000003567, Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) has been established on 14 April 2006 as a limited company with a registered capital of RMB80,000,000.

5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificate and Building Ownership Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) Portion of the property is subject to a mortgage in favour of Lujiazui International Trust Corporation Co., Ltd.
- (iv) Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

6. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Building Ownership Certificates . . . . .	Yes
Completion and Examination Registration Forms . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
6. Unsold portion of Phase 1 of Changzhou Jingrui England County, south of Xinggang Avenue, east of Yulong Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市鐘樓區 星港大道南側、玉龍路東側 常州景瑞·英郡一期 未售部份	Changzhou Jingrui England County is a residential development with retail and ancillary facilities.  Completed in 2010, the property comprises the unsold portion of Phase 1 of Changzhou Jingrui England County comprising 12 townhouse units with a total gross floor area of approximately 3,574.20 sq m.  The property is held with land use rights for terms due to expire on 10 September 2046 for commercial use and on 10 September 2076 for residential use.	As at the date of valuation, the property was vacant.	RMB38,000,000  (100% interest attributable to the Group: RMB38,000,000)

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2007)126656 dated 6 December 2007, the land use rights of the land, comprising a total site area of 87,440 sq m, have been vested in Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) for terms due to expire on 10 September 2046 for commercial use and 10 September 2076 for residential use.
2. According to Completion and Examination Registration Form issued by Changzhou Construction Bureau, the subject development with total gross floor area of 28,182.88 sq m has been completed.  
  
As advised by the Group, the property with a total gross floor area of 3,574.20 sq m is part of the above document.
3. According to Business License No. 320400000003567, Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) has been established on 14 April 2006 as a limited company with a registered capital of RMB80,000,000.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate . . . . .	Yes
Completion and Examination Registration Form . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
7. Unsold portion of Phase 1 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區南通景瑞•望府一期未售部份	Nantong Jingrui Dignity Mansion is a residential development with retail and ancillary facilities.  Completed in 2012, the property comprises the unsold portion of Phase 1 of Nantong Jingrui Dignity Mansion comprising about 1,229 car parking spaces with a total gross floor area of approximately 71,716.8 sq m.  The property is held with land use rights for a term due to expire on 28 January 2080 for residential use and 28 January 2050 for commercial use.	As at the date of valuation, the property was vacant.	RMB375,000,000  (100% interest attributable to the Group: RMB375,000,000)

*Notes:*

1. According to the State-owned Land Use Rights Certificate issued by Nantong Economic and Technological Development Area Municipal Government, the land use rights of the property, comprising a total site area of approximately 191,220.47 sq m, have been vested in Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u> sq m
TKGY(2010) 0302021 . . . . .	19 July 2010	Residential; Commercial	Residential: 28 January 2080; Commercial: 28 January 2050	191,220.47
<b>Total . . . . .</b>				<u>191,220.47</u>

2. According to Completion and Examination Registration Form of Building and Public Facilities Constriction Works issued by Urban and Rural Construction Bureau of Nantong Municipality on 20 December 2012, the construction works was agreed to be registered as completed.
3. According to Business License No. 320691000054609 dated 26 January 2010, Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) has been established on 26 January 2010 as a limited company with a registered capital of RMB100,000,000 and an operating period from 26 January 2010 to 25 January 2040.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The property is subject to a mortgage in favour of Nantong Economic and Technological Development Area Branch of Agricultural Bank of China;
  - (iv) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Completion and Examination Registration Form . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
8. Unsold portion of Phase 1 of Taizhou Jingrui Royal Bay, Hailing District, Taizhou, Jiangsu Province, the PRC  中國江蘇省泰州市海陵區 泰州景瑞·榮御藍灣一期 未售部份	Taizhou Jingrui Royal Bay is a residential development with retail and ancillary facilities.  The property comprises the unsold portion of Phase 1 of Taizhou Jingrui Royal Bay with 9 units of high-rise apartment, 1 clubhouse and 13 units of townhouse, totalling gross floor area of approximately 5,575.07 sq m.  The property is held with land use rights for terms due to expire on 21 November 2079 for residential use and 21 November 2049 for commercial use.	As at the date of valuation, the property was vacant.	RMB68,000,000  (100% interest attributable to the Group: RMB68,000,000)

*Notes:*

1. According to two State-owned Land Use Rights Certificates issued by Taizhou Municipal Government, the land use rights of the property, comprising a total site area of approximately 111,724.4 sq m, have been vested in Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u> <u>sq m</u>
TZGY(2012) 14056 .	10 September 2012	Residential; Commercial	Residential: 21 November 2079 Commercial: 21 November 2049	75,802.8
TZGY(2012) 14059 .	10 September 2012	Residential; Commercial	Residential: 21 November 2079; Commercial: 21 November 2049	35,921.6
<b>Total . . . . .</b>				<u><u>111,724.4</u></u>

2. According to Grant Contract of State-owned Land Use Rights No. 3212012009CR0030 and supplementary contract entered into between Bureau of Land Resources of Taizhou Municipality and Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司) on 22 October 2009, the land use rights of the property have been granted to Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) with the details as follows:

(i) Location	:	south to Yongxing East Road, north to 328 State Road, Hailing District
(ii) Lot No.	:	03-02-(013)-341
(iii) Site area	:	163,994 sq m
(iv) Uses	:	Residential/Commercial
(v) Land use term	:	Residential: 70 years/Commercial: 40 years
(vi) Land premium	:	RMB188,000,000
(vii) Plot ratio	:	1.402 to 1.602

3. According to Completion and Examination Registration Form of issued by Housing and Urban and Rural Construction Bureau of Taizhou Municipality on 29 March 2012, the construction works has been agreed to be registered as completed.

4. According to Business License No. 321200000018977 dated 21 March 2012, Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) has been established on 17 November 2009 as a limited company with a registered capital of RMB205,000,000 and an operating period from 17 November 2009 to 16 November 2039.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The property is subject to a mortgage in favour of Taizhou New Area Branch of Agricultural Bank of China;
  - (iv) Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
6. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Completion and Examination Registration Form . . . . .	Yes
Business License . . . . .	Yes



<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
9. Unsold portion of Huzhou Jingrui Cin Cinnatti, Southwest District, Huzhou, Zhejiang Province, the PRC	Completed in 2012, the property comprises the unsold portion of Huzhou Jingrui Cin Cinnatti.  The property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB34,000,000  (100% interest attributable to the Group: RMB34,000,000)
中國浙江省湖州市西南分區 湖州景瑞•西西那堤 未售部份	<b>Use</b>	<b>Approximate gross floor area sq m</b>	
	Residential	2,598.36	
	Clubhouse	1,023.26	
	<b>Total</b>	<b>3,621.62</b>	
	As advised by the Group, there are about 35 unsold car parking spaces on basement.		
	The property is held with land use rights for a term due to expire on 12 September 2077 for residential use.		

Notes:

- According to State-owned Land Use Rights Certificate No. (2007) 2-18822 issued by Huzhou Land Administrative Bureau on 4 December 2007, the land use rights of the property having a site area of 31,977 sq m have been vested in Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) for a term due to expire on 12 September 2077 for residential use.  
  
According to State-owned Land Use Rights Certificate No. (2007) 2-18823 issued by Huzhou Land Administrative Bureau on 4 December 2007, the land use rights of the property having a site area of 35,544 sq m have been vested in Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) for a term due to expire on 12 September 2077 for residential use.  
  
According to State-owned Land Use Rights Certificate No. (2007) 2-18920 issued by Huzhou Land Administrative Bureau on 4 December 2007, the land use rights of the property having a site area of 27,738 sq m have been vested in Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) for a term due to expire on 12 September 2077 for residential use.  
  
According to State-owned Land Use Rights Certificate No. (2010) 2-1124 issued by Huzhou Land Administrative Bureau on 4 December 2007, the land use rights of the property having a site area of 1,978 sq m have been vested in Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) for a term due to expire on 25 November 2047 for commercial use.
- According to Building Ownership Certificate No. 110031090 issued by Huzhou Planning and Construction Bureau on 13 October 2009, the building ownership of the Building No. 168 of the property comprising a total gross floor area of 1,023.26 sq m has been vested in Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) for clubhouse use.
- According to Completion and Acceptance Certificate for Construction Works No. 31300020120621101 issued by Huzhou Housing and Urban Construction Bureau on 21 June 2012, the residential portion of the property with gross floor area of 9,338.16 sq m has been completed.  
  
As advised by the Group, the property with a total gross floor area of 3,621.62 sq m is part of the said certificates.
- According to Business License No. 330508000001202 dated 1 March 2013, Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) has been established on 20 August 2007 as a limited company with a registered capital of RMB100,000,000 and an operating period from 20 August 2007 to 19 August 2017.

5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
6. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Building Ownership Certificate . . . . .	Yes
Completion and Acceptance Certificate for Construction Works . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
10. Unsold portion of Phases 1 to 3A of Tianjin Jingrui Sunny City, south of Jinyu Road, Xiaohhezhuang Village, Xiaodian Town, Beichen District, Tianjin, the PRC  中國天津市北辰區小澗鎮小賀莊村、津榆公路南側天津景瑞•陽光尚城項目一期至三期A區未售部份	Tianjin Jingrui Sunny City is a residential development with retail and ancillary facilities.  Completed in 2011, the property comprises the unsold portion of Phases 1 to 3A of Tianjin Jingrui Sunny City with a total gross floor area of approximately 63,697.59 sq m above ground and 4,203.69 sq m underground, including 592 residential units and 2 retail units.  The property is held with land use rights for a term due to expire on 6 April 2078 for residential use.	As at the date of valuation, the property was vacant.	RMB397,000,000  (100% interest attributable to the Group: RMB397,000,000)

*Notes:*

- According to State-owned Land Use Rights Certificate No. 2008-034 dated 18 April 2008, the land use rights of the land, comprising a total site area of 141,621.60 sq m, have been vested in Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) for a term due to expire on 6 April 2078 for residential use.
- According to Grant Contract of State-owned Land Use Rights No. CR2007280 entered into between Bureau of Land Resources and Housing Management of Tianjin Municipality (the Grantor) and Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 141,621.60 sq m to the Grantee with the details as follows:
  - Location : south of Jinyu Road, Beichen District
  - Lot No. : Jin Beichen Yu (Gua) 2007-069
  - Site area : 141,621.60 sq m
  - Uses : Residential
  - Land use term : 70 years for residential use
  - Land premium : RMB398,900,000
  - Plot ratio : not exceeding 1.6
- According to fourteen Real Estate Registration Surveying Reports issued by Land Resources Mapping and Housing Measuring Centre of Tianjin Municipality, the subject development with a total gross floor area of 104,897.01 sq m has been approved for completion with details as follows:

<u>Report No.</u>	<u>Date of issue</u>	<u>Block No.</u>	<u>Construction scale (sq m)</u>		
			<u>Aboveground</u>	<u>Underground</u>	<u>Total</u>
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 3	293.43	4,824.40	5,117.83
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 4	293.43	4,825.55	5,118.98
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 5 and 8	529.16	9,072.26	9,601.42
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 6	264.58	4,536.14	4,800.72
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 7	543.32	4,850.73	5,394.05

Report No.	Date of issue	Block No.	Construction scale (sq m)		
			Aboveground	Underground	Total
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 24, 25,32 and 33	–	15,306.72	15,306.72
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 26 and 27	–	7,375.48	7,375.48
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 28 and 29	–	7,356.26	7,356.26
FCCH/RA7.5 -02-02. .	23-Aug-10	Block 30 and 31	–	6,785.68	6,785.68
FCCH/RA7.5 -02-02. .	12-Oct-11	Block 9	293.77	3,328.94	3,622.71
FCCH/RA7.5 -02-02. .	21-Oct-11	Block 10	463.65	3,328.94	3,792.59
FCCH/RA7.5 -02-02. .	21-Oct-11	Block 11 and 14	595.98	11,231.42	11,827.40
FCCH/RA7.5 -02-02. .	21-Oct-11	Block 12 and 13	595.98	11,231.42	11,827.40
FCCH/RA7.5 -02-02. .	21-Oct-11	Block 15	330.26	6,639.51	6,969.77
<b>Total</b> . . . . .			<u>4,203.56</u>	<u>100,693.45</u>	<u>104,897.01</u>

According to twelve Tianjin Municipal Construction Completion and Acceptance Reports, the subject development with a total gross floor area of 52,803.08 sq m are completed with details as follows:

No.	Date of issue	Block No.	Completed gross
			floor area
			sq m
2013-513 . . . . .	27-Aug-13	Block 41	3,094.88
2013-514 . . . . .	27-Aug-13	Block 42	3,103.98
2013-515 . . . . .	27-Aug-13	Block 43	4,973.62
2013-516 . . . . .	27-Aug-13	Block 44	5,250.22
2013-517 . . . . .	27-Aug-13	Block 45	5,010.60
2013-518 . . . . .	27-Aug-13	Block 46	4,953.53
2013-519 . . . . .	27-Aug-13	Block 47	3,109.75
2013-520 . . . . .	27-Aug-13	Block 48	3,239.92
2013-521 . . . . .	27-Aug-13	Block 49	4,986.71
2013-522 . . . . .	27-Aug-13	Block 50	4,968.35
2013-523 . . . . .	27-Aug-13	Block 51	4,969.87
2013-524 . . . . .	27-Aug-13	Block 52	5,141.65
<b>Total</b> . . . . .			<u>52,803.08</u>

As advised by the Group, the property with a total gross floor area of 67,901.28 sq m is part of the said documents.

4. According to Business License No. 120113000004250 dated 7 December 2012, Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) has been established as a limited company on 14 August 2007 with a registered capital of RMB30,000,000.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

6. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Real Estate Registration Surveying Reports . . . . .	Yes
Construction Completion and Acceptance Reports . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013										
11. Unsold portion of Phase 1 of Tianjin Jingrui England County, east of Baobai Road, Dabaizhuang Town, Baodi District, Tianjin, the PRC  中國天津市寶坻區 大白莊鎮寶白公路東側 天津景瑞•英郡一期 未售部份	Tianjin Jingrui England County is a residential development with retail and ancillary facilities.  Completed in 2012, the property comprises the unsold portion of Phase 1 of Tianjin Jingrui England County.  The property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB431,000,000  (100% interest attributable to the Group: RMB431,000,000)										
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">53,339.94</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">786.00</td> </tr> <tr> <td>Car park</td> <td style="text-align: right;">11,849.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>65,974.94</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	53,339.94	Retail	786.00	Car park	11,849.00	<b>Total</b>	<b>65,974.94</b>		
Use	Approximate gross floor area sq m												
Residential	53,339.94												
Retail	786.00												
Car park	11,849.00												
<b>Total</b>	<b>65,974.94</b>												
	The property is held with land use rights for a term of 70 years for residential use from 12 October 2007.												

*Notes:*

1. According to State-owned Land Use Rights Certificate No. 182 dated 25 December 2007, the land use rights of the property, comprising a total site area of 255,529.6 sq m, have been vested in Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) for a term of 70 years for residential use from 12 October 2007.
2. According to Grant Contract of State-owned Land Use Rights No. 045 entered into between Bureau of Planning and Land Resources of Baodi District, Tianjin Municipality (the Grantor) and Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 255,529.61 sq m to the Grantee with the details as follows:
  - (i) Location : east of Baobai Road, Dabaizhuang Town, Baodi District
  - (ii) Lot No. : Jinbao(gua)2007-10
  - (iii) Site area : 255,529.61 sq m
  - (iv) Uses : Residential
  - (v) Land use term : 70 years for residential use from the date the contract
  - (vi) Land premium : RMB144,000,000
  - (vii) Plot ratio : not exceeding 2.1
3. According to twenty-six Completion and Examination Registration Forms, the subject development with a total gross floor area of 88,079.39 sq m was completed including the unsold portion.

4. According to Business License No. 120224000001132 dated 16 September, Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) has been established as a limited company on 24 July 2007 with a registered capital of RMB60,000,000.
  
5. We have been provided with a legal opinion on the property prepared by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The property is subject to a mortgage in favour of Dongli Branch of China Construction Bank;
  - (iv) Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee’s consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
  
6. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Completion and Examination Registration Forms . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>										
12. Unsold portion of Chongqing Jingrui Blue Vally, No. 99 Hongcaofangzheng Street, Shapingba District, Chongqing, the PRC  中國重慶市沙坪壩區 紅槽房正街99號 重慶景瑞•藍溪谷地 未售部份	Chongqing Jingrui Blue Vally is a residential development with retail and ancillary facilities.  Completed in 2013, the property comprises the unsold portion of Chongqing Jingrui Blue Vally and has a total gross floor area with details as follows:  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u> <u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">9,996.31</td> </tr> <tr> <td>Residential</td> <td style="text-align: right;">148.20</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;">12,327.62</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>22,472.13</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>	Retail	9,996.31	Residential	148.20	Carpark	12,327.62	<b>Total</b>	<b>22,472.13</b>	As at the date of valuation, the property was vacant.	RMB159,000,000  (100% interest attributable to the Group: RMB159,000,000)
<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>												
Retail	9,996.31												
Residential	148.20												
Carpark	12,327.62												
<b>Total</b>	<b>22,472.13</b>												
	The property is held with land use rights for a term of 50 years for residential use and 40 years for commercial use, from 18 February 2004.												

Notes:

1. According to State-owned Land Use Rights Certificate issued by Bureau of Land Resources and Housing Management of Chongqing Municipality, the land use rights of the property, comprising a total site area of 187,637 sq m, have been vested in Chongqing Jingkang Property Development Co. Ltd. (重慶景康置業發展有限公司) for a term of 50 years for residential use and 40 years for commercial use from 18 February 2004.
2. According to Grant Contract of State-owned Land Use Rights No. (2004) 24 entered into between Bureau of Land Resources and Housing Management of Chongqing Municipality (the Grantor) and Chongqing Kangtian Property Co. Ltd. (重慶康田置業有限公司) (the Grantee), on 19 January 2004 and its supplementary contract the Grantor has agreed to grant the land use rights of the property to the Grantee with the details as follows:
  - (i) Location : Hongcaofang, Shapingba District, Chongqing
  - (ii) Lot No. : 100
  - (iii) Site area : 187,637 sq m
  - (iv) Uses : Residential
  - (v) Land use term : 50 years for residential use, 40 years for commercial use commenced from the date the contract to be issued
3. According to Transfer Contract of State-owned Land Use Rights No. (2005) 98 entered into between Chongqing Kangtian Property Co. Ltd. (重慶康田置業有限公司) (Party A) and Chongqing Jingkang Property Development Co. Ltd. (重慶景康置業發展有限公司) (Party B) on 16 September 2005, Party A has transferred the State-owned Land Use Rights of the property to Party B.



4. According to thirteen Construction Works Completion Examination Certificates issued by Chongqing Urban Construction Committee, the subject development with a total gross floor area of approximately 554,784.62 sq m has been completed with details as follows:

Certificate No.	Date of issue	Block No.	Gross floor area sq m
200756 . . . . .	14-Dec-2007	Block No. 18, 2	46,113.68
200815 . . . . .	20-Mar-2008	Block No. 28-36, 3, 4	47,605.16
200817 . . . . .	23-Apr-2008	Block No. 6, 7	37,536.32
200818 . . . . .	23-Apr-2008	Block No. 8, 9	35,865.07
200829 . . . . .	5-June-2008	Block No. 5, 1	28,566.28
20080199 . . . . .	14-Nov-2008	Block No. 10, 11, 12	111,789.00
20090132 . . . . .	30-Sep-2009	Block No. 2-4	87,149.00
200940 . . . . .	18-Aug-2009	Block No. 43	12,587.50
200941 . . . . .	18-Aug-2009	Block No. 44	2,522.07
20110074 . . . . .	19-July-2011	Block No. 1	32,875.00
20120028 . . . . .	26-Mar-2012	Block No. 13, 14	38,179.00
20120058 . . . . .	29-May-2012	Block No. 37-42, 5	44,958.00
20120077 . . . . .	8-Mar-12	Block No. 3	29,038.54
<b>Total</b> . . . . .			<u>554,784.62</u>

As advised by the Group, the property with a total gross floor area of 22,472.13 sq m is part of the above documents.

5. As advised by the Group, a portion of the property with floor area of approximately 9,137.26 sq m is subject to various agreements for sale and purchase for a total consideration of RMB58,798,008. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
6. According to Business License No. 500106000010167 dated 6 September 2012, Chongqing Jingkang Property Development Co. Ltd. (重慶景康置業發展有限公司) has been established as a limited company on 20 July 2005 with a registered capital of RMB20,000,000.
7. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Chongqing Jingkang Property Development Co. Ltd. (重慶景康置業發展有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Chongqing Jingkang Property Development Co. Ltd. (重慶景康置業發展有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
8. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Construction Works Completion Examination Certificates . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013
13. Unsold portion of Phase 1 of Zhoushan Jingrui HOPSCA, Putuo District, Zhoushan, Zhejiang Province, the PRC  中國浙江省舟山市普陀區 舟山景瑞·豪布斯卡一期 未售部份	Zhoushan Jingrui HOPSCA is a residential development with ancillary facilities.  Completed in 2008, the property comprises the unsold portion of Phase 1 of Zhoushan Jingrui HOPSCA comprising about 317 car parking spaces with a total gross floor area of approximately 4,032.24 sq m.  The property is held with land use rights for a term due to expire on 13 December 2076 for residential use.	As at the date of valuation, the property was vacant.	RMB21,000,000  (100% interest attributable to the Group: RMB21,000,000)

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2007) 4-1 issued by Zhoushan Land Administrative Bureau on 31 January 2007, the land use rights of the property having a site area of 45,942 sq m have been vested in Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) for a term due to expire on 13 December 2076 for residential use.
2. According to Grant Contract of State-owned Land Use Rights No. (2006) 165 entered into between Bureau of Land Resources and Housing Management of Zhoushan Municipality (the Grantor) and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 45,942 sq m to the Grantee with the details as follows:
  - (i) Location : Site D02-01-1 Lujiazhi Island
  - (ii) Site area : 45,942 sq m
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years for residential use
  - (v) Land premium : RMB49,938,954
  - (vi) Plot ratio : not exceeding 1.26
3. According to Completion and Acceptance Certificate for Construction Works No. 31610020081212101 issued by Zhoushan Municipal Construction Committee on 12 December 2008, the subject development with gross floor area of 82,577.29 sq m has been completed.
4. According to Business License No. 330903000025110 dated 20 April 2012, Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) has been established on 16 February 2006 as a limited company with a registered capital of RMB50,000,000 and an operating period from 16 February 2006 to 15 January 2016.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

6. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Completion and Acceptance Certificate for Construction Works . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>										
14. Unsold portion of Xuhui New Town, Longwu Road, Xuhui District, Shanghai, the PRC  中國上海市徐匯區龍吳路徐匯新城未售部分	Xuhui New Town is a residential development with retail facilities developed on a parcel of land with a total site area of approximately 138,739 sq m.  As advised by the Group, completed in 2005, the property comprises the unsold portion of Xuhui New Town comprising 2 residential units and 23 retail units.  The property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB56,000,000  (100% interest attributable to the Group: RMB56,000,000)										
	<table border="1"> <thead> <tr> <th><u>Use</u></th> <th><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <td style="text-align: center;"><u>sq m</u></td> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">194.03</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">3,212.94</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><u>3,406.97</u></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	194.03	Retail	3,212.94	<b>Total</b>	<u>3,406.97</u>		
<u>Use</u>	<u>Approximate gross floor area</u>												
	<u>sq m</u>												
Residential	194.03												
Retail	3,212.94												
<b>Total</b>	<u>3,406.97</u>												
	The property is held with land use rights for terms due to expire on 17 November 2072 for residential use.												

*Notes:*

1. According to twenty five Shanghai Certificates of Real Estate Ownership issued by Shanghai Planning Land & Resources Administration Bureau, the land use rights and building ownership of the property with gross floor area of 3,406.97 sq m have been vested in Shanghai Jingxiu Property Development Co., Ltd (上海景秀置業發展有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Unit No.</u>	<u>Use</u>	<u>Gross floor area</u>
				<u>sq m</u>
(2010)003733 . . . . .	20-Feb-2010	No. 88, 402	Residence	66.87
(2010)003733 . . . . .	20-Feb-2010	No. 88, 1103	Residence	127.16
(2010)003733 . . . . .	20-Feb-2010	No. 1, 201	Commercial	112.86
(2010)003733 . . . . .	20-Feb-2010	No. 1, 202	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 203	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 204	Commercial	106.14
(2010)003733 . . . . .	20-Feb-2010	No. 1, 301	Commercial	112.86
(2010)003733 . . . . .	20-Feb-2010	No. 1, 302	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 303	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 304	Commercial	106.14
(2010)003733 . . . . .	20-Feb-2010	No. 1, 401	Commercial	112.86
(2010)003733 . . . . .	20-Feb-2010	No. 1, 402	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 403	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 404	Commercial	106.14
(2010)003733 . . . . .	20-Feb-2010	No. 1, 501	Commercial	112.86
(2010)003733 . . . . .	20-Feb-2010	No. 1, 502	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 503	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 504	Commercial	106.14
(2010)003733 . . . . .	20-Feb-2010	No. 1, 601	Commercial	112.86

Certificate No.	Date of issue	Unit No.	Use	Gross floor area sq m
(2010)003733 . . . . .	20-Feb-2010	No. 1, 602	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 603	Commercial	99.87
(2010)003733 . . . . .	20-Feb-2010	No. 1, 604	Commercial	106.14
(2010)003733 . . . . .	20-Feb-2010	No. 3, F1	Commercial	98.74
(2010)003733 . . . . .	20-Feb-2010	No. 5, F1	Commercial	111.08
(2011)009126 . . . . .	27-Jun-2011	No. 1719-1725	Commercial	909.42
<b>Total . . . . .</b>				<u>3,406.97</u>

2. According to Business License No. 310104000193624 dated 29 January 2013, Shanghai Jingxiu Property Development Co., Ltd (上海景秀置業發展有限公司) was established on 13 July 2001 as a limited company with a registered capital of RMB30,000,000 for an operating period from 13 July 2001 to 31 December 2013.

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
- (ii) Shanghai Jingxiu Property Development Co., Ltd (上海景秀置業發展有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) Shanghai Jingxiu Property Development Co., Ltd (上海景秀置業發展有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

4. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>												
15. Unsold portion of Phases 1 to 2 of Shanghai Fengxiang Project (Ganglong Plaza), 499 Lane, Yingang Road, Qingpu District, Shanghai, the PRC  中國上海市青浦區 盈港路499弄 上海鳳翔項目一期至二期 (港隆廣場) 未售部份	Phases 1 to 2 of Shanghai Fengxiang Project (Ganglong Plaza) is a composite office and retail development developed on a parcel of land with a total site area of approximately 38,291.80 sq m.  As advised by the Group, completed in 2011, the property comprises the unsold portion of Ganglong Plaza comprising 44 office units and 136 retail units.  The property has a total gross floor area with details as follows:	As at the date of valuation, the property was vacant.	RMB366,000,000  (80% interest attributable to the Group: RMB292,800,000)												
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Use</u></th> <th style="text-align: center;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <td style="text-align: center;"><u>sq m</u></td> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">2,784.85</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">20,047.11</td> </tr> <tr> <td>Carpark</td> <td style="text-align: right;">14,191.04</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>37,023.00</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Office	2,784.85	Retail	20,047.11	Carpark	14,191.04	<b>Total</b>	<b>37,023.00</b>		
<u>Use</u>	<u>Approximate gross floor area</u>														
	<u>sq m</u>														
Office	2,784.85														
Retail	20,047.11														
Carpark	14,191.04														
<b>Total</b>	<b>37,023.00</b>														
	The property is held with land use rights for a term due to expire on 4 July 2053 for composite use.														

*Notes:*

1. According to Shanghai Certificate of Real Estate Ownership No. (2004) 013235 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 23 November 2004, the land use rights of the property with a site area of 38,291.80 sq m for a term of 50 years commencing on 5 July 2003 for composite use, have been vested in Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司).

According to Shanghai Certificate of Real Estate Ownership No. (2005) 010592 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 28 July 2005, the land use rights of the property with a site area of 38,291.80 sq m for a term of 50 years commencing on 5 July 2003 for composite use and the building ownership of the property comprising a total gross floor area of 33,541.07 sq m have been vested in Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司).

According to Shanghai Certificate of Real Estate Ownership No. (2008) 003084 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 31 March 2008, the land use rights of the property with a site area of 38,291.80 sq m for a term of 50 years commencing on 5 July 2003 for composite use and the building ownership of the property comprising a total gross floor area of 36,856.95 sq m have been vested in Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司).

According to Shanghai Certificate of Real Estate Ownership No. (2009) 003247 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 25 March 2009, the land use rights of the property with a site area of 38,291.80 sq m for a term of 50 years commencing on 5 July 2003 for composite use and the civil air-defense car park spaces of the property comprising a total gross floor area of 4,863.60 sq m have been vested in Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司).

As advised by the Group, the property with a total gross floor area of 37,023.00 sq m is part of the above certificates.

2. According to Business License No. 310229000379455 dated 26 August 2013, Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) has been established on 23 June 1998 as a limited company with a registered capital of RMB100,000,000 and an operating period from 23 June 1998 to 22 June 2018.
3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
4. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership . . . . .	Yes
Business License . . . . .	Yes

## Group II – Property held by the Group for investment in the PRC

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013
16. Shanghai Jingrui Life Square, Nos. 522-542, 520, 578, 588, 598, 608, 618, 628, 638, 700 Yingao West Road, Baoshan District, Shanghai, the PRC  中國上海市寶山區 殷高西路 522-542, 520, 578, 588, 598, 608, 618, 628, 638, 700號 上海景瑞•生活廣場	Completed in 2008, the property comprises a 4-storey retail podium of a composite development known as Shanghai Jingrui Life Square.  As advised by the Group, the property has a total gross floor area of approximately 25,441.87 sq m.  The property is held with land use rights for a term due to expire on 3 November 2054 for commercial use.	Portion of the property with a total gross floor area of approximately 22,291.87 sq m was leased and subject to various tenancies at a total monthly rent of approximately RMB901,346.  The longest lease term of the tenancies is due to expire in August 2023.	RMB313,000,000  (100% interest attributable to the Group: RMB313,000,000)

*Notes:*

1. According to Shanghai Certificate of Real Estate Ownership No. (2008) 017088 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 16 May 2008, the land use rights of the property with a site area of 41,931.70 sq m for a term of 50 years commencing on 4 November 2004 for commercial use and the building ownership of the property comprising a total gross floor area of 85,298.66 sq m have been vested in Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司).

According to Shanghai Certificate of Real Estate Ownership No. (2009) 001850 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 14 January 2009, the land use rights of the property with a site area of 12,317.20 sq m for a term of 50 years commencing on 4 November 2004 for commercial use and the building ownership of the property comprising a total gross floor area of 41,609.23 sq m have been vested in Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司).

As advised by the Group, the property with a total gross floor area of 25,441.87 sq m is part of the above certificates.

2. According to Business License No. 310113000549684 dated 21 August 2012, Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司) has been established on 9 April 2004 as a limited company with a registered capital of RMB20,000,000 and an operating period from 9 April 2004 to 8 April 2014.
3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The Shanghai Certificates of Real Estate Ownership of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
4. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificates of Real Estate Ownership .....	Yes
Business License .....	Yes



5. Our major assumptions in our valuation method are as follows:

<b>Market monthly unit rent</b> <i>(RMB/sq m)</i>	<b>Capitalization rate</b>
46 to 142 .....	5%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental levels of those major retail lettings range from approximately RMB45 per sq m to RMB140 per sq m.

We have gathered and analysed various recent sales transactions of shops and noted that the capitalization rate implied in those transactions are generally within the range from 4.4% to 5.2% for retail premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rate used is reasonable having regard to the capitalization rate analysed from sales of comparable properties which we have collected.

## Group III – Properties held by the Group under development in the PRC

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013						
17. The under construction development known as Phase 3 of Suzhou Jingrui Royal Bay, east of Changsheng Road, south of Chaoyang Road, Economic Development District, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市經濟開發區常勝路東側，朝陽路南側蘇州景瑞·榮御藍灣三期在建項目	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 229,590.40 sq m.  Upon completion, the property is a residential development and is known as Phase 3 of Suzhou Jingrui Royal Bay.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB174,000,000  (100% interest attributable to the Group: RMB174,000,000)						
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>20,607.48</td> </tr> <tr> <td><b>Total</b></td> <td><b>20,607.48</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	20,607.48	<b>Total</b>	<b>20,607.48</b>		
Use	Approximate gross floor area sq m								
Residential	20,607.48								
<b>Total</b>	<b>20,607.48</b>								
	The property is scheduled to be completed in 2014.								
	The property is held with land use rights for a term due to expire on 1 November 2077 for residential use.								

*Notes:*

- According to four State-owned Land Use Rights Certificates issued by Taicang State-owned Land Resources Bureau, the land use rights of the property having a site area of 175,230.60 sq m have been vested in Taicang Jingrui Property Co., Ltd (太倉景瑞置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area sq m
(2009) 022002216 . .	18-Mar-09	Residential	1-Nov-2077	88,162.50
(2009) 022005653 . .	9-Jun-09	Residential	1-Nov-2077	17,845.40
(2009) 022005654 . .	9-Jun-09	Residential	1-Nov-2077	29,154.60
(2009) 022008903 . .	29-Jul-09	Residential	1-Nov-2077	40,068.10
(2009) 022008661 . .	24-Jul-09	Residential	1-Nov-2077	54,359.80
<b>Total</b> . . . . .				<b>229,590.40</b>

2. According to Grant Contract of State-owned Land Use Rights No. (2007) 111 entered into between State-owned Land Resources Bureau of Taicang (the Grantor) and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) (the Grantee) on 2 November 2007, the land use rights of the property have been granted to the Grantee with details as follows:
- (i) Location : east of Changsheng Road, south of Chaoyang Road
- (ii) Site area : 229,590.30 sq m
- (iii) Uses : Residential
- (iv) Land use term : 70 years
- (v) Land premium : RMB790,000,000
3. According to Planning Permit for Construction Use of Land No. (2008) 088 issued by Urban Planning Bureau of Taicang on 10 July 2008, the construction site of a parcel of land with an area of 229,590 sq m is in compliance with the requirements of urban planning.
4. According to Planning Permit for Construction Works No. (2013) 019 issued by Taicang Housing and Urban Construction Bureau on 28 February 2013, the construction works of the property with a total planned gross floor area of 20,607.48 sq m are in compliance with the construction works requirements and have been approved.
5. According to Commencement Permit for Construction Works No. 320585201303140101 issued by Taicang Housing and Urban Construction Bureau on 14 March 2013, the construction works of the property with a gross floor area of 20,607.48 sq m are in compliance with the requirements for works commencement and have been permitted.
6. As advised by the Group, a portion of the property with gross floor area of approximately 7,437.32 sq m are subject to various agreements for sale and purchase for a total consideration of RMB81,314,356. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
7. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB66,428,295 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB772,687. We have taken into account such amounts in our valuation.
8. The market value when completed of the proposed development is estimated approximately RMB202,000,000.
9. According to Business License No. 320585000063744 dated 29 March 2012, Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) has been established on 25 December 2007 as a limited company with a registered capital of RMB500,600,000 and an operating period from 25 December 2007 to 24 December 2037.
10. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
- (ii) Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
11. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate . . . . .       | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Planning Permit for Construction Use of Land. . . . .   | Yes |
| Planning Permit for Construction Works . . . . .        | Yes |
| Commencement Permit for Construction Works . . . . .    | Yes |
| Business License . . . . .                              | Yes |

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013								
18. The under construction development known as Phase 4 of Suzhou Jingrui Royal Bay, east of Changsheng Road, south of Chaoyang Road, Economic Development District, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市經濟開發區常勝路東側，朝陽路南側蘇州景瑞·榮御藍灣四期在建項目	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 229,590.40 sq m.  Upon completion, the property is a residential development and is known as Phase 4 of Suzhou Jingrui Royal Bay.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB452,000,000  (100% interest attributable to the Group: RMB452,000,000)								
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>81,172.23</td> </tr> <tr> <td>Basement Car Park</td> <td>17,232.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>98,404.23</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	81,172.23	Basement Car Park	17,232.00	<b>Total</b>	<b>98,404.23</b>		
Use	Approximate gross floor area sq m										
Residential	81,172.23										
Basement Car Park	17,232.00										
<b>Total</b>	<b>98,404.23</b>										
	The property is scheduled to be completed in 2015.										
	The property is held with land use rights for a term due to expire on 1 November 2077 for residential use.										

## Notes:

1. According to four State-owned Land Use Rights Certificates issued by Taicang State-owned Land Resources Bureau, the land use rights of the property having a site area of 175,230.60 sq m have been vested in Taicang Jingrui Property Co., Ltd (太倉景瑞置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area sq m
(2009) 022002216 . .	18-Mar-09	Residential	1-Nov-2077	88,162.50
(2009) 022005653 . .	9-Jun-09	Residential	1-Nov-2077	17,845.40
(2009) 022005654 . .	9-Jun-09	Residential	1-Nov-2077	29,154.60
(2009) 022008903 . .	29-Jul-09	Residential	1-Nov-2077	40,068.10
(2009) 022008661 . .	24-Jul-09	Residential	1-Nov-2077	54,359.80
<b>Total</b> . . . . .				<b>229,590.40</b>

2. According to Grant Contract of State-owned Land Use Rights No. (2007) 111 entered into between State-owned Land Resources Bureau of Taicang and Shanghai Jingrui Properties (Group) Co. Ltd. (上海景瑞地產(集團)股份有限公司) on 2 November 2007, the land use rights of the property have been granted to Jingrui Properties (Group) Co. Ltd. with details as follows:

(i) Location	:	east of Changsheng Road, south of Chaoyang Road
(ii) Site area	:	229,590.30 sq m
(iii) Uses	:	Residential
(iv) Land use term	:	70 years
(v) Land premium	:	RMB790,000,000
(vi) Plot ratio	:	N/A

3. According to Planning Permit for Construction Use of Land No. (2008) 088 issued by Urban Planning Bureau of Taicang on 10 July 2008, the construction site of a parcel of land with an area of 229,590 sq m is in compliance with the requirements of urban planning.

4. According to five Planning Permits for Construction Works issued by Taicang Housing and Urban Construction Bureau, the construction works of the property with a total planned gross floor area of 134,230.65 sq m are in compliance with the construction works requirements and have been approved with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u> sq m
(2012)106 . . . . .	18-Sep-12	Basement No. 4	17,231.78
(2012)109 . . . . .	27-Sep-12	Block No. 63-65	81,172.23
(2013)118 . . . . .	27-May-13	Block No. 47-54, 56-62	35,826.64
<b>Total</b> . . . . .			<u>134,230.65</u>

5. According to four Commencement Permits for Construction Works issued by Taicang Housing and Urban Construction Bureau, the construction works of the property with a gross floor area of 222,084 sq m are in compliance with the requirements for works commencement and have been permitted with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u> sq m
320585201210160519 . . . . .	16-Oct-12	Piling work for Block No. 63-65, car park No. 4	33,907.00
320585201209280101 . . . . .	23-Sep-12	Block No. 63-65, car park No. 4	98,404.01
320585201106020119 . . . . .	2-Jun-11	Piling work of Block No. 47-54, 56-62	52,476.00
320585201106300101 . . . . .	30-Jun-11	Block No. 47-54, 56-62	37,296.99
<b>Total</b> . . . . .			<u>222,084.00</u>

6. According to Commodity Housing Pre-sale Permits No. (2012) 057 and No. (2013)018, the property with a total gross floor area of 52,576.49 sq m, are permitted for pre-sale.

7. As advised by the Group, a portion of the property with gross floor area of approximately 51,498.27 sq m are subject to various agreements for sale and purchase for a total consideration of RMB386,961,610. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.

8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB275,019,425 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB37,068,753. We have taken into account such amounts in our valuation.

9. The market value when completed of the proposed development is estimated approximately RMB647,000,000.

10. According to Business License No. 32058500063744 dated 29 March 2012, Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) has been established on 25 December 2007 as a limited company with a registered capital of RMB500,600,000 and an operating period from 25 December 2007 to 24 December 2037.

11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
- (ii) Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land . . . . .	Yes
Planning Permits for Construction Works . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
19. The under construction development known as Phase 2 of Suzhou Jingrui Jade Bay, west of Tonghai Road, south of Donggu Road, Chengxiang Town, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市城廂鎮通海路西側，東古路南側蘇州景瑞•翡翠灣二期在建項目	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 268,766.70 sq m.  Upon completion, the property is a residential development and is known as Phase 2 of Suzhou Jingrui Jade Bay.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB585,000,000  (65% interest attributable to the Group: RMB380,250,000)												
	<table border="1"> <thead> <tr> <th>Use</th> <th>Approximate gross floor area</th> </tr> <tr> <td></td> <td>sq m</td> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>89,920</td> </tr> <tr> <td>Commercial</td> <td>12,866</td> </tr> <tr> <td>Ancillary</td> <td>6,769</td> </tr> <tr> <td><b>Total</b></td> <td><b>109,555</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area		sq m	Residential	89,920	Commercial	12,866	Ancillary	6,769	<b>Total</b>	<b>109,555</b>		
Use	Approximate gross floor area														
	sq m														
Residential	89,920														
Commercial	12,866														
Ancillary	6,769														
<b>Total</b>	<b>109,555</b>														
	The property is scheduled to be completed in 2014.														
	The property is held with land use rights for residential use. For details of land use term, please see Note 1 below.														

## Notes:

1. According to ten State-owned Land Use Rights Certificates issued by Taicang State-owned Land Resources Bureau, the land use rights of the property with total site area of approximately 258,199.90 sq m have been vested in Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area
				sq m
(2010) 022008753 . . . .	24 June 2010	Residential; Commercial	19 May 2080	51,294.20
(2010) 022008754 . . . .	24 June 2010	Residential; Commercial	19 May 2080	47,525.70
(2010) 022008756 . . . .	24 June 2010	Residential; Commercial	19 May 2080	36,421.00
(2010) 022008757 . . . .	24 June 2010	Residential; Commercial	19 May 2080	25,240.90
(2010) 022008758 . . . .	24 June 2010	Residential; Commercial	19 May 2080	53,444.00
(2012) 022010638 . . . .	13 August 2012	Residential; Commercial	29 December 2081	16,815.80
(2012) 022010635 . . . .	13 August 2012	Residential; Commercial	29 December 2081	7,921.70
(2012) 022010636 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,679.10
(2012) 022010637 . . . .	13 August 2012	Residential; Commercial	29 December 2081	2,829.50
(2012) 022010632 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,028.00
<b>Total</b> . . . . .				<b>258,199.90</b>

2. According to Grant Contract of State-owned Land Use Rights No. 3205852009CR0148 entered into between State-owned Land Resources Bureau of Taicang and Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司) on 16 October 2009 and its supplemental agreement dated 20 January 2012, the land use rights of the property have been granted to Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司) with details as follows:

(i) Location	:	east of Jingqi Road, north of Weiyi Road
(ii) Site area	:	224,492.60 sq m
(iii) Uses	:	Residential, Commercial
(iv) Land use term	:	50 years for commercial, 70 years for residential
(v) Land premium	:	RMB520,000,000

According to Grant Contract of State-owned Land Use Rights No. 3205852011CR0087 entered into between State-owned Land Resources Bureau of Taicang and Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) on 13 September 2011, the land use rights of the property have been granted to Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) with details as follows:

- (i) Location : west of Tonghai Road, south of Donggu Road
- (ii) Site area : 44,274.10 sq m
- (iii) Uses : Residential, Commercial
- (iv) Land use term : 50 years for commercial, 70 years for residential
- (v) Land premium : RMB168,000,000
- (vi) Plot ratio : 1.34

3. According to Planning Permit for Construction Use of Land No. (2010) 032 issued by Urban Planning Bureau of Taicang on 11 June 2010, the construction site of a parcel of land with an area of 243,375.20 sq m is in compliance with the requirements of urban planning.

According to Planning Permit for Construction Use of Land No. (2011) 121 issued by Urban Planning Bureau of Taicang on 3 October 2011, the construction site of a parcel of land with an area of 44,274.10 sq m is in compliance with the requirements of urban planning.

4. According to four Planning Permits for Construction Works issued by Taicang Housing and Urban Construction Bureau, the construction works of the property with a total planned gross floor area of 143,554.57 sq m are in compliance with the construction works requirements and have been approved with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
(2010)080	28-Sep-10	Block No. 20-28, 54	44,970.30
(2010)095	16-Nov-10	Block No. 29, 31-33, 35-39, 41-45, 53	52,432.50
(2012)024	9-Mar-12	Block No. 55	10,353.50
(2013)095	29-Jul-13	Block No. 29-30, 33-34, 39-50	35,798.27
<b>Total</b>			<u>143,554.57</u>

5. According to five Commencement Permits for Construction Works by Taicang Housing and Urban Construction Bureau, the construction works of the property with a gross floor area of 168,857.30 sq m are in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
320585201012290401	29-Dec-10	Block No. 20-28, 54	44,970.30
320585201104200319	20-Apr-11	Piling work for Block No. 20-29, 31-33, 35-39, 41-45, 53-54	50,990.00
320585201103040301	4-Mar-11	Block No. 31-33, 35-39, 41-45	45,694.50
32058520130808119	8-Aug-13	Piling work for Block No. 30, 34, 40, 46-50	10,276
320585201305060219	6-May-13	Piling work for Block No. 55	6,573
320585201305300201	30-May-13	Block No. 55	10,353.50
<b>Total</b>			<u>168,857.30</u>

6. According to three Commodity Housing Pre-sale Permits, the property with a total gross floor area of 49,468.24 sq m, are permitted for pre-sale with details as follows:

Certificate No.	Date of issue	Block No.	Permitted pre-sale gross floor area sq m
2011025	10-May-11	Block No. 22, 25-28	20,851.90
2011036	17-Jun-11	Block No. 20-24	15,076.92
2013011		Block No. 31, 32, 35-38	13,539.42
<b>Total</b>			<u>49,468.24</u>



7. As advised by the Group, a portion of the property with gross floor area of approximately 10,640.49 sq m are subject to various agreements for sale and purchase for a total consideration of RMB84,658,308. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB288,770,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB108,380,000. We have taken into account such amounts in our valuation.
9. The market value when completed of the proposed development is estimated approximately RMB841,000,000.
10. According to Business License No. 320585000115236 dated 2 June 2010, Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has been established on 6 January 2010 as a limited company with a registered capital of RMB150,000,000 and an operating period from 6 January 2010 to 5 January 2040.
11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |  |     |
|--|-----|
| State-owned Land Use Rights Certificates . . . . .       | Yes |
| Grant Contracts of State-owned Land Use Rights . . . . . | Yes |
| Planning Permits for Construction Use of Land . . . . .  | Yes |
| Planning Permits for Construction Works . . . . .        | Yes |
| Commencement Permits for Construction Works . . . . .    | Yes |
| Commodity Housing Pre-sale Permits . . . . .             | Yes |
| Business License . . . . .                               | Yes |

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>								
20. The under construction development known as Phase 3 of Suzhou Jingrui Jade Bay, west of Tonghai Road, south of Donggu Road, Chengxiang Town, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市城廂鎮通海路西側·東古路南側蘇州景瑞·翡翠灣三期在建項目	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 268,766.70 sq m.  Upon completion, the property is a residential development and is known as Phase 3 of Suzhou Jingrui Jade Bay.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB501,000,000  (65% interest attributable to the Group: RMB325,650,000)								
	<table border="1"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <th style="text-align: right;"><u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">99,439.34</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><u>99,439.34</u></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	99,439.34	<b>Total</b>	<u>99,439.34</u>		
<u>Use</u>	<u>Approximate gross floor area</u>										
	<u>sq m</u>										
Residential	99,439.34										
<b>Total</b>	<u>99,439.34</u>										
	The property is scheduled to be completed in 2014.										
	The property is held with land use rights for a term due to expire on 19 May 2080 for residential use.										

Notes:

1. According to ten State-owned Land Use Rights Certificates issued by Taicang State-owned Land Resources Bureau, the land use rights of the property with total site area of approximately 258,199.90 sq m have been vested in Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u>
				<u>sq m</u>
(2010) 022008753 . . . .	24 June 2010	Residential; Commercial	19 May 2080	51,294.20
(2010) 022008754 . . . .	24 June 2010	Residential; Commercial	19 May 2080	47,525.70
(2010) 022008756 . . . .	24 June 2010	Residential; Commercial	19 May 2080	36,421.00
(2010) 022008757 . . . .	24 June 2010	Residential; Commercial	19 May 2080	25,240.90
(2010) 022008758 . . . .	24 June 2010	Residential; Commercial	19 May 2080	53,444.00
(2012) 022010638 . . . .	13 August 2012	Residential; Commercial	29 December 2081	16,815.80
(2012) 022010635 . . . .	13 August 2012	Residential; Commercial	29 December 2081	7,921.70
(2012) 022010636 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,679.10
(2012) 022010637 . . . .	13 August 2012	Residential; Commercial	29 December 2081	2,829.50
(2012) 022010632 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,028.00
<b>Total</b> . . . . .				<u>258,199.90</u>

2. According to Contract for Grant of State-owned Land Use Rights No. 3205852009CR0148 entered into between State-owned Land Resources Bureau of Taicang and Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司) on 16 October 2009 and its supplemental agreement dated 20 January 2012, the land use rights of the property have been granted to Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司) with details as follows:

- (i) Location : east of Jingqi Road, north of Weiyi Road  
(ii) Site area : 224,492.60 sq m  
(iii) Uses : Residential, Commercial  
(iv) Land use term : 50 years for commercial, 70 years for residential  
(v) Land premium : RMB520,000,000

3. According to Planning Permit for Construction Use of Land No. (2010) 032 issued by Urban Planning Bureau of Taicang on 11 June 2010, the construction site of a parcel of land with an area of 243,375.20 sq m is in compliance with the requirements of urban planning.

4. According to five Planning Permits for Construction Work issued by Taicang Housing and Urban Construction Bureau, the construction works of the property with a total planned gross floor area of 99,318.13 sq m are in compliance with the construction works requirements and have been approved with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
(2012)043 . . . . .	27-Apr-2012	Block Nos. 75-77	14,715.54
(2012)047 . . . . .	27-Apr-2012	Block Nos. 59-62	12,052.73
(2012)048 . . . . .	27-Apr-2012	Block Nos. 56-58, 63-65	19,751.24
(2012)044 . . . . .	27-Apr-2012	Block Nos. 65-67, 71	8,778.75
(2012)046 . . . . .	27-Apr-2012	Block Nos. 68-70, 72-74	18,650.81
(2013)098 . . . . .	29-Jul-2013	Block Nos. 78-87	25,369.06
<b>Total</b> . . . . .			<u>99,318.13</u>

5. According to Commencement Permit for Construction Works No. 320585201206260101 issued by Taicang Housing and Urban Construction Bureau on 26 June 2012, the construction works of the property with a gross floor area of 73,949.07 sq m are in compliance with the requirements for works commencement and have been permitted.

6. According to two Commodity Housing Pre-sale Permits, the property with a total gross floor area of 51,592.14 sq m, are permitted for pre-sale with details as follows:

Certificate No.	Date of issue	Block No.	Permitted pre-sale gross floor area sq m
2012026 . . . . .	11-Jul-2012	Block No. 56-58, 63-65	17,412.74
2013011 . . . . .	26-Apr-2012	Block Nos. 31, 32, 35-38, 66, 67, 71, 75-77	34,179.40
<b>Total</b> . . . . .			<u>51,592.14</u>

7. As advised by the Group, a portion of the property with gross floor area of approximately 33,237.47 sq m are subject to various agreements for sale and purchase for a total consideration of RMB235,467,153. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.

8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB260,240,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB71,730,000. We have taken into account such amounts in our valuation.

9. The market value when completed of the proposed development is estimated approximately RMB695,000,000.

10. According to Business License No. 320585000115236 dated 2 June 2010, Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has been established on 6 January 2010 as a limited company with a registered capital of RMB150,000,000 and an operating period from 6 January 2010 to 5 January 2040.

11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land. . . . .	Yes
Planning Permits for Construction Works . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>														
21. The under construction development known as Phases 2 to 3 of Changzhou Jingrui England County, south of Xinggang Avenue, east of Yulong road, Zhonglou District, Changzhou, Jiangsu Province, the PRC  中國江蘇省常州市鐘樓區星港大道南側、玉龍路東側常州景瑞•英郡二期至三期在建項目	<p>The property comprises an under construction development developed on a parcel of land with site area of approximately 87,440 sq m.</p> <p>Upon completion, the property is a residential development with retail and ancillary facilities and is known as Phases 2 and 3 of Changzhou Jingrui England County.</p> <p>The details of the planned gross floor area of the property are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <th style="text-align: right;"><u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">185,520.00</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">5,889.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,539.00</td> </tr> <tr> <td>Car park (838 lots)</td> <td style="text-align: right;">36,305.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>230,253.00</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	185,520.00	Retail	5,889.00	Ancillary	2,539.00	Car park (838 lots)	36,305.00	<b>Total</b>	<b>230,253.00</b>	As at the date of valuation, the property was under construction.	RMB967,000,000  (100% interest attributable to the Group: RMB967,000,000)
<u>Use</u>	<u>Approximate gross floor area</u>																
	<u>sq m</u>																
Residential	185,520.00																
Retail	5,889.00																
Ancillary	2,539.00																
Car park (838 lots)	36,305.00																
<b>Total</b>	<b>230,253.00</b>																
	<p>As advised by the Group, the property is scheduled to be completed in 2014.</p> <p>The property is held with land use rights for terms due to expire on 10 September 2046 for commercial use and on 10 September 2076 for residential use.</p>																

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2007) 126656 issued by Changzhou Land Resources Bureau on 6 December 2007, the land use rights of the property, comprising a total site area of approximately 87,440.00 sq m, have been vested in Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) for terms due to expire on 10 September 2046 for commercial use and 10 September 2076 for residential use.

2. According to Grant Contract of State-owned Land Use Rights No. (2006) 099 entered into between Changzhou Land Resources of Bureau (the Grantor) and Changzhou Jingshen Property Co., Ltd. (常州景申置业有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 87,440 sq m to the Grantee with the details as follows:

(i)	Location	:	east of Yulong road
(ii)	Site area	:	87,440 sq m
(iii)	Uses	:	Commercial and residential
(iv)	Land use term	:	40 years for commercial and 70 years for residential use
(v)	Land premium	:	RMB140,000,000
(vi)	Plot ratio	:	No more than 2.5

3. According to Planning Permit for Construction Use of Land No. DZD 320400201000009 issue by Planning Bureau of Changzhou on 22 January 2010, the construction site of a parcel of land with an area of 87,440.00 sq m is in compliance with the requirements of urban planning.

4. According to two Planning Permits for Construction Work issued by Planning Bureau of Changzhou, the construction works of the property with a total planned gross floor area of 230,253.60 sq m, is in compliance with the urban planning requirements and has been approved with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u> sq m
JZD 320400201000102 . . . . .	27 December 2010	Block No. 5, 6, 7, 8 and Basement (Phase 2)	143,558.40
JZD 320400201200035 . . . . .	31 August 2012	Commercial building No. 1, 2, 3, Block No. 5, 6, 7, 8 and Basement	86,695.20
<b>Total</b> . . . . .			<u>230,253.60</u>

5. According to six Commencement Permits for Construction Works issued by Urban and Rural Construction Bureau of Changzhou, the property with a total gross floor area of 226,433.50 sq m, is in compliance with the requirements for works commencement and have been permitted with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u> sq m
320400201103030101 . . . . .	3 March 2011	Foundation construction for Residential Blocks No. 3 to 8 and Basement	0.0
320400201103030201 . . . . .	3 March 2011	Residential Blocks No. 7, 8 and Basement	67,213.6
320400201103030301 . . . . .	3 March 2011	Residential Blocks No. 5, 6, Basement and substation	67,009.8
320400201207170101 . . . . .	17 July 2012	Basement of Residential Blocks No. 3, 4	9,335.0
320400201209100101 . . . . .	10 September 2012	Residential Blocks No. 1, 2 and Commercial building No. 1, 2	32,090.2
320400201209100201 . . . . .	10 September 2012	Residential Blocks No. 3, 4 and substation	50,784.9
<b>Total</b> . . . . .			<u>226,433.50</u>

6. According to four Commodity Housing Pre-sale Permits, the property with a total gross floor area of 175,086.64 sq m, are permitted for pre-sale with details as follows:

Certificate No.	Date of issue	Block No.	Permitted pre-sale gross floor area sq m
2012(129) . . . . .	16 November 2012	Block No. 1, 2	23,992.99
2012(95) . . . . .	19 September 2012	Block No. 3, 4	49,738.79
2012(086) . . . . .	23 September 2011	Block No. 5, 7	51,617.46
2012(026) . . . . .	27 April 2011	Block No. 6, 8	49,737.40
<b>Total</b> . . . . .			<u>175,086.64</u>

7. As advised by the Group, a portion of the property with gross floor area of approximately 174,453.13 sq m are subject to various agreements for pre-sale and purchase for a total consideration of RMB997,551,384. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB560,060,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB27,710,000. We have taken into account such amounts in our valuation.
9. The market value when completed of the proposed development is estimated approximately RMB1,177,000,000.
10. According to Business License No. 320400000003567, Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) has been established on 14 April 2006 as a limited company with a registered capital of RMB80,000,000.
11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificates . . . . .      | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Planning Permit for Construction Use of Land . . . . .  | Yes |
| Planning Permits for Construction Works . . . . .       | Yes |
| Commencement Permits for Construction Works . . . . .   | Yes |
| Commodity Housing Pre-sale Permits . . . . .            | Yes |
| Business License . . . . .                              | Yes |

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>														
22. The under construction development known as Phases 1 to 2 of Changzhou Jingrui Dignity Mansion, east of Longjin Road, south of Yongning road, Tianning District, Changzhou, Jiangsu Province, the PRC	<p>The property comprises an under construction development developed on a parcel of land with site area of approximately 93,045 sq m. in 3 phases.</p> <p>Upon completion, the property is a residential development with retail and ancillary facilities and is known as Phases 1 to 2 of Changzhou Jingrui Dignity Mansion.</p>	As at the date of valuation, the property was under construction.	RMB723,000,000  (51% interest attributable to the Group: RMB368,730,000)														
中國江蘇省常州市天寧區龍錦路以東、永寧路以南常州景瑞•望府一期至二期在建項目	<p>The details of the planned gross floor area of the property are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <th style="text-align: right;"><u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">121,966.90</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">2,479.50</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">5,426.03</td> </tr> <tr> <td>Car park (723 lots)</td> <td style="text-align: right;">21,207.42</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>151,079.85</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	121,966.90	Retail	2,479.50	Ancillary	5,426.03	Car park (723 lots)	21,207.42	<b>Total</b>	<b>151,079.85</b>		
<u>Use</u>	<u>Approximate gross floor area</u>																
	<u>sq m</u>																
Residential	121,966.90																
Retail	2,479.50																
Ancillary	5,426.03																
Car park (723 lots)	21,207.42																
<b>Total</b>	<b>151,079.85</b>																
	<p>As advised by the Group, the property is scheduled to be completed in 2015.</p> <p>The property is held with land use rights for a term due to expire on 18 August 2080 for residential use.</p>																

*Notes:*

1. According to two State-owned Land Use Rights Certificates both issued by Changzhou Land Resources Bureau, the land use rights of the property, comprising a total site area of approximately 93,045 sq m, have been vested in Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u>
				<u>sq m</u>
(2011) 0497218. . . .	5 January 2012	residential	18 August 2080 for residential use	56,542.60
(2011) 0497210. . . .	5 January 2012	residential	18 August 2080 for residential use	36,502.40
<b>Total</b> . . . . .				<b>93,045.00</b>



2. According to Grant Contract of State-owned Land Use Rights No. 3204012010CR0164 entered into between Changzhou Land Resources of Bureau (the Grantor) and Shanghai Jingrui Investment Co., Ltd. (上海景瑞投资有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 93,045 sq m to the Grantee with the details as follows:

(i)	Location	:	west of Qingfeng Road, north of Qingye Road, east of Hejiatang River, south of Yongning Road
(ii)	Site area	:	93,045 sq m
(iii)	Uses	:	Residential
(iv)	Land use term	:	70 years for residential use
(v)	Land premium	:	RMB750,000,000
(vi)	Plot ratio	:	No more than 2.4

According to the supplementary contract dated 25 February 2011, the land use rights of the property have been granted to Changzhou Jingshang Property Co., Ltd. (常州景尚置业有限公司).

3. According to Planning Permit for Construction Use of Land No. DZD 320400201200002 issued by Planning Bureau of Changzhou on 5 January 2012, the construction site for Phase 1 of a parcel of land with an area of 29,548.00 sq m is in compliance with the requirements of urban planning.

According to Planning Permit for Construction Use of Land No. DZD 320400201300010 issued by Planning Bureau of Changzhou on 26 February 2013, the construction site for Phase 2 of a parcel of land with an area of 26,995.00 sq m is in compliance with the requirements of urban planning.

4. According to three Planning Permits for Construction Work issued by Planning Bureau of Changzhou, the construction works of the property with a total planned gross floor area of 151,079.83 sq m, is in compliance with the urban planning requirements and has been approved with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
JZD 320400201200011 . . . . .	16 March 2012	Block No.4 (Phase 1)	4,426.90
JZD 320400201200012 . . . . .	16 March 2012	Commercial building No. 1, 2, 3, Block No. 3, 7, 8, 13, 16 and Car park (Phase 1)	67,030.70
JZD 320400201300026 . . . . .	5 June 2013	Block No. 9, 12, 14, transformer Substation and Carpark (phase 2)	79,622.25
<b>Total</b> . . . . .			<u>151,079.85</u>

5. According to three Commencement Permits for Construction Works issued by Urban and Rural Construction Bureau of Changzhou, the property with a total gross floor area of 145,190.85 sq m, is in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
320400201207190101 . . . . .	19 July 2012	blocks No. 3, 7, 8 and Basement (phase 1)	44,771.00
320400201207190201 . . . . .	19 July 2012	blocks No. 13, 16 and Basement (phase 1)	22,259.70
320400201306070101 . . . . .	7 June 2013	blocks No. 9, 12, 14, transformer Substation and Basement (phase 2)	78,160.15
<b>Total</b> . . . . .			<u>145,190.85</u>

6. According to four Commodity Housing Pre-sale Permits, the property with a total gross floor area of 57,521.04 sq m, are permitted for pre-sale with details as follows:

Certificate No.	Date of issue	Block No.	Permitted pre-sale gross floor area
			sq m
2012(117) . . . . .	19 October 2012	Block No. 3	11,576.74
2012(123) . . . . .	2 November 2012	Block No. 8	8,518.77
2013(30) . . . . .	25 April 2013	Blocks No. 7, 13	29,635.47
2013(41) . . . . .	24 May 2013	Block No. 16	7,790.06
<b>Total</b> . . . . .			<u>57,521.04</u>

7. As advised by the Group, a portion of the property with gross floor area of approximately 22,288.82 sq m are subject to various agreements for pre-sale and purchase for a total consideration of RMB219,334,226. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB222,220,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB280,450,000. We have taken into account such amounts in our valuation.
9. The market value when completed of the proposed development is estimated approximately RMB1,403,000,000.
10. According to Business License No. 320000400004588, Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) has been established on 23 February 2011 as a limited company with a registered capital of RMB620,000,000.
11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The property is subject to a mortgage in favour of Changzhou Yanling Branch of Bank of China and Changzhou Chengqu Branch of Bank of Agricultural;
  - (iv) Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificates . . . . .      | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Planning Permits for Construction Use of Land . . . . . | Yes |
| Planning Permits for Construction Works . . . . .       | Yes |
| Commencement Permits for Construction Works . . . . .   | Yes |
| Commodity Housing Pre-sale Permits . . . . .            | Yes |
| Business License . . . . .                              | Yes |

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>												
23. The under construction development known as Phase 2 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區南通景瑞•望府二期在建項目	The property comprises an under construction development developed on a parcel of land with site area of approximately 191,220.47 sq m.  Upon completion, the property is a residential development with high-rise apartment and townhouse and is known as Phase 2 of Nantong Jingrui Dignity Mansion.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB544,000,000  (100% interest attributable to the Group: RMB544,000,000)												
	<table border="1"> <thead> <tr> <th><u>Use</u></th> <th><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <td><u>sq m</u></td> </tr> </thead> <tbody> <tr> <td>Townhouse</td> <td>21,791</td> </tr> <tr> <td>High-rise apartment</td> <td>53,499</td> </tr> <tr> <td>Car park (222 lots)</td> <td>10,392</td> </tr> <tr> <td><b>Total</b></td> <td><b>85,682</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Townhouse	21,791	High-rise apartment	53,499	Car park (222 lots)	10,392	<b>Total</b>	<b>85,682</b>		
<u>Use</u>	<u>Approximate gross floor area</u>														
	<u>sq m</u>														
Townhouse	21,791														
High-rise apartment	53,499														
Car park (222 lots)	10,392														
<b>Total</b>	<b>85,682</b>														
	As advised by the Group, the property is scheduled to be completed in 2015.														
	The property is held with land use rights for terms due to expire on 28 January 2080 for residential use and 28 January 2050 for commercial use.														

Notes:

1. According to the State-owned Land Use Rights Certificate issued by Nantong Economic and Technological Development Area Municipal Government, the land use rights of the property, comprising a total site area of approximately 191,220.47 sq m, have been vested in Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u>
				<u>sq m</u>
TKGY(2010) 0302021 . . . . .	19 July 2010	Residential; Commercial	Residential: 28 January 2080; Commercial: 28 January 2050	191,220.47
<b>Total</b> . . . . .				<u>191,220.47</u>

2. According to Grant Contract of State-owned Land Use Rights No. 3206012009CR0146 entered into between State-owned Land Resources Bureau of Nantong and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) on 30 December 2009 and its supplemental agreement dated 25 February 2010, the land use rights of the property have been granted to Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) with details as follows:

(i)	Location	:	east to Xinkai North Road, south to Fuxing East Road
(ii)	Site area	:	191,220.47 sq m
(iii)	Uses	:	Residential/Commercial
(iv)	Land use term	:	Residential: 70 years/Commercial: 40 years
(v)	Land premium	:	RMB694,130,306.1
(vi)	Plot ratio	:	1.7

3. According to Planning Permit for Construction Use of Land No. 320601201010021 issue by Planning and Management Bureau of Nantong Municipal on 28 April 2010, the construction site of a parcel of land with an area of 191,220.47 sq m is in compliance with the urban planning requirements and has been approved.

4. According to two Planning Permits for Construction Work issued by Planning Bureau of Nantong Municipal, the construction works of the property with a total planned gross floor area of 83,849.30 sq m, is in compliance with the urban planning requirements and has been approved with details as follows:

Certificate Nos.	Date of issue	Project name	Construction scale sq m
(2012)0027 . . . . .	14-Nov-12	3 high-rise apartment blocks (Phase 2)	53,499.00
(2013)0006 . . . . .	11-Mar-13	15 townhouse blocks (Phase 2)	30,350.3
<b>Total</b> . . . . .			<u>83,849.30</u>

5. According to two Commencement Permits for Construction Works issued by Urban and Rural Construction Bureau of Nantong Municipal, the property with a total gross floor area of 83,772.00 sq m, is in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate Nos.	Date of issue	Project name	Construction scale sq m
320691020120123 . . . . .	30-Nov-12	Block 38-40# (Phase 2)	53,499.00
320691020130017 . . . . .	27-Mar-13	Block 18-31#, Block 56# and basement (Phase 2)	30,273.00
<b>Total</b> . . . . .			<u>83,772.00</u>

6. According to two Commodity Housing Pre-sale Permits, the property with a total gross floor area of 53,933.59 sq m, are permitted for pre-sale with details as follows:

Certificate Nos.	Date of issue	Block No.	Permitted pre-sale gross floor area sq m
2013006 . . . . .	20-Mar-13	Block No. 54, 55 (Phase 2)	29,964.42
2013010 . . . . .	16-Apr-13	Block No. 53 (Phase 2)	23,969.17
<b>Total</b> . . . . .			<u>53,933.59</u>

7. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB223,200,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB70,970,000. We have taken into account such amounts in our valuation.

8. The market value when completed of the proposed development is estimated approximately RMB809,000,000.

9. According to Business License No. 320691000054609 dated 26 January 2010, Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) has been established on 26 January 2010 as a limited company with a registered capital of RMB100,000,000 and an operating period from 26 January 2010 to 25 January 2040.

10. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) The property is subject to a mortgage in favour of Nantong Economic and Technological Development Area Branch of Agricultural Bank of China;
  - (iv) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
11. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land . . . . .	Yes
Planning Permits for Construction Works . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market Value in existing state as at 31 August 2013</u>										
24. The under construction development known as Phase 3 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區南通景瑞•望府三期在建項目	The property comprises an under construction development developed on a parcel of land with site area of approximately 191,220.47 sq m.  Upon completion, the property is a residential development with high-rise apartment and is known as Phase 3 of Nantong Jingrui Dignity Mansion.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB285,000,000  (100% interest attributable to the Group: RMB285,000,000)										
	<table border="1"> <thead> <tr> <th><u>Use</u></th> <th><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <td><u>sq m</u></td> </tr> </thead> <tbody> <tr> <td>High-rise apartment</td> <td>109,525.65</td> </tr> <tr> <td>Car park (708 lots)</td> <td>25,987.36</td> </tr> <tr> <td><b>Total</b></td> <td><u>135,513.01</u></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	High-rise apartment	109,525.65	Car park (708 lots)	25,987.36	<b>Total</b>	<u>135,513.01</u>		
<u>Use</u>	<u>Approximate gross floor area</u>												
	<u>sq m</u>												
High-rise apartment	109,525.65												
Car park (708 lots)	25,987.36												
<b>Total</b>	<u>135,513.01</u>												
	As advised by the Group, the development is scheduled to be completed in 2015.												
	The property is held with land use rights for terms due to expire on 28 January 2080 for residential use and 28 January 2050 for commercial use.												

Notes:

1. According to a State-owned Land Use Rights Certificate issued by Nantong Economic and Technological Development Area Municipal Government, the land use rights of the property, comprising a total site area of approximately 191,220.47 sq m, have been vested in Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u>
				<u>sq m</u>
TKGY(2010) 0302021 . . . . .	19 July 2010	Residential; Commercial	Residential: 28 January 2080; Commercial: 28 January 2050	191,220.47
<b>Total</b> . . . . .				<u>191,220.47</u>

2. According to Contract for Grant of State-owned Land Use Rights No. 3206012009CR0146 entered into between State-owned Land Resources Bureau of Nantong and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) on 30 December 2009 and its supplemental agreement dated 25 February 2010, the land use rights of the property have been granted to Nantong Jingrui Property Co., Ltd (南通景瑞置業有限公司) with details as follows:

(i)	Location	:	east to Xinkai north Road, south to Fuxing east Road
(ii)	Site area	:	191,220.47 sq m
(iii)	Uses	:	Residential/Commercial
(iv)	Land use term	:	Residential: 70 years/Commercial: 40 years
(v)	Land premium	:	RMB694,130,306.1
(vi)	Plot ratio	:	1.7

3. According to Planning Permit for Construction Use of Land No. 320601201010021 issue by Planning and Management Bureau of Nantong Municipal on 28 April 2010, the construction site of a parcel of land with an area of 191,220.47 sq m is in compliance with the urban planning requirements and has been approved.

4. According to a Planning Permit for Construction Works issued by Planning Bureau of Nantong Municipal, the construction works of the property with a total planned gross floor area of 135,513.35 sq m, is in compliance with the urban planning requirements and has been approved with details as follows:

Certificate No.	Date of issue	Project name	Construction scale
			sq m
NTKFQ-20130009 . . . . .	19-Apr-13	8 high-rise apartment blocks (Phase 3)	135,513.35

5. According to a Commencement Permit for Construction Works issued by Urban and Rural Construction Bureau of Nantong Municipal, the property with a total gross floor area of 134,776.9 sq m, is in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate No.	Date of issue	Project name	Construction scale
			sq m
320691020130031 . . . . .	26-Apr-13	Block 43, 45, 46, 48-52 and basement (Phase 3)	134,776.9

6. According to Business License No. 320691000054609 dated 26 January 2010, Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) was established on 26 January 2010 as a limited company with a registered capital of RMB100,000,000 for an operating period from 26 January 2010 to 25 January 2040.

7. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB71,810,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB313,730,000. We have taken into account such amounts in our valuation.

8. The market value when completed of the proposed development is estimated approximately RMB902,000,000.

9. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
- (ii) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

10. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land. . . . .	Yes
Planning Permit for Construction Work. . . . .	Yes
Commencement Permit for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	No
Business License . . . . .	Yes



Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
25. The under construction development known as Phases 2 to 3 of Taizhou Jingrui Royal Bay, Hailing District, Taizhou, Jiangsu Province, the PRC  中國江蘇省泰州市海陵區泰州景瑞•榮御藍灣二期至三期在建項目	<p>The property comprises an under construction development developed on a parcel of land with site area of approximately 111,724.4 sq m.</p> <p>Upon completion, the property is a residential development with retail and ancillary facilities and is known as Phases 2 and 3 of Taizhou Jingrui Royal Bay.</p> <p>The details of planned gross floor area of the property are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">190,788.31</td> </tr> <tr> <td>Retail podium</td> <td style="text-align: right;">2,575.00</td> </tr> <tr> <td>Ancillary facility</td> <td style="text-align: right;">4,373.92</td> </tr> <tr> <td>Car park and underground ancillary space (899 lots)</td> <td style="text-align: right;">43,818.61</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>241,555.84</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	190,788.31	Retail podium	2,575.00	Ancillary facility	4,373.92	Car park and underground ancillary space (899 lots)	43,818.61	<b>Total</b>	<b>241,555.84</b>	<p>As at the date of valuation, the property was under construction.</p>	<p>RMB835,000,000</p> <p>(100% interest attributable to the Group: RMB835,000,000)</p>
Use	Approximate gross floor area sq m														
Residential	190,788.31														
Retail podium	2,575.00														
Ancillary facility	4,373.92														
Car park and underground ancillary space (899 lots)	43,818.61														
<b>Total</b>	<b>241,555.84</b>														
	<p>As advised by the Group, the property is scheduled to be completed in 2015.</p> <p>The property is held with land use rights for terms due to expire on 21 November 2079 for residential use and 21 November 2049 for commercial use.</p>														

*Notes:*

1. According to two State-owned Land Use Rights Certificates issued by Taizhou Municipal Government, the land use rights of the property, comprising a total site area of approximately 111,724.4 sq m, have been vested in Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u> sq m
TZGY(2012) 14056	10 September 2012	Residential; Commercial	Residential: 21 November 2079; Commercial: 21 November 2049	75,802.8
TZGY(2012) 14059	10 September 2012	Residential; Commercial	Residential: 21 November 2079; Commercial: 21 November 2049	35,921.6
<b>Total</b> . . . . .				<u>111,724.4</u>

2. According to Grant Contract of State-owned Land Use Rights No. 3212012009CR0030 and supplementary contract entered into between Bureau of Land Resources of Taizhou Municipal and Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司) on 22 October 2009, the land use rights of the property have been granted to Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) with the details as follows:

(i) Location	:	south to Yongxing East Road, north to 328 State Road, Hailing District
(ii) Lot No.	:	03-02-(013)-341
(iii) Site area	:	163,994 sq m
(iv) Uses	:	Residential/Commercial
(v) Land use term	:	Residential: 70 years/Commercial: 40 years
(vi) Land premium	:	RMB188,000,000
(vii) Plot ratio	:	1.402 to 1.602

3. According to Planning Permit for Construction Use of Land No.321200201000044 issued by Planning Bureau of Taizhou Municipality on 23 April 2010, the construction site of a parcel of land with an area of 163,993 sq m is in compliance with the urban planning requirements and has been approved.

4. According to three Planning Permits for Construction Works issued by Planning Bureau of Taizhou Municipality, the construction works of the property with a total planned gross floor area of 120,698 sq m is in compliance with the urban planning requirements and has been approved with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u> sq m
321200201100021 . . . . .	4-Mar-11	6 residential blocks and 2 basements	46,549
321200201200022 . . . . .	9-Apr-12	10 residential blocks and 4 basements	42,025
321200201200023 . . . . .	9-Apr-12	Block Nos 12 to 14	32,124
<b>Total</b> . . . . .			<u>120,698</u>

5. According to three Commencement Permits for Construction Works issued by Urban and Rural Construction Bureau of Taizhou Municipal, the property with a total gross floor area of 120,699.00 sq m is in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
3212002011031700001A . . . . .	17-Mar-11	6 residential blocks and 2 basements	46,549.00
321200020120086 . . . . .	10-Sep-12	3 residential blocks	32,124.00
321200020120087 . . . . .	10-Sep-12	10 residential blocks and 4 basements	42,026.00
<b>Total</b> . . . . .			<u>120,699.00</u>

6. According to three Commodity Housing Pre-sale Permits, the property with a total gross floor area of 114,119.78 sq m, are permitted for pre-sale with details as follows:

Certificate No.	Date of issue	Block No.	Permitted pre- sale gross floor area sq m
2011049 . . . . .	14-Oct-11	Block No. 15,16,44,45,52,53	32,869.44
2012023 . . . . .	14-Sep-12	Block No. 12,13,14	29,708.52
2013009 . . . . .	17-May-13	Block No. 1-2, 18, 19-22, 26, 31, 36, 37, 42, 43, 50	51,541.82
<b>Total</b> . . . . .			<u>114,119.78</u>

7. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB322,870,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB346,920,000. We have taken into account such amounts in our valuation.
8. The market value when completed of the proposed development is estimated approximately RMB1,599,000,000.
9. According to Business License No. 321200000018977 dated 21 March 2012, Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) has been established on 17 November 2009 as a limited company with a registered capital of RMB205,000,000 and an operating period from 17 November 2009 to 16 November 2039.
10. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - The property is subject to a mortgage in favour of Taizhou New Area Branch of Agricultural Bank of China;
  - Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
11. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land. . . . .	Yes
Planning Permits for Construction Works . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013
26. The under construction development known as Phases 1 to 2 of Shaoxing Jingrui Dignity Mansion, Shaoxing County, Shaoxing, Zhejiang Province, the PRC	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 189,692 sq m.  Upon completion, the property is a residential composite development and is known as Phases 1 to 2 of Shaoxing Jingrui Dignity Mansion.	As at the date of valuation, the property was under construction.	RMB1,228,000,000  (100% interest attributable to the Group: RMB1,228,000,000)

中國浙江省紹興市紹興縣  
紹興景瑞•望府一期至二期  
在建項目

The details of planned gross floor area of the property are as follows:

Use	Approximate gross floor area sq m
Residential	89,122.27
Townhouse	63,262.39
Stacked Townhouse	36,263.07
<b>Total</b>	<u>188,647.73</u>

As advised by the Group, the property is scheduled to be completed in 2014.

The property is held with land use rights for residential and commercial uses. For details of land use term, please see Note 1 below.

*Notes:*

1. According to three State-owned Land Use Rights Certificates all issued by Shaoxing District Municipal Government, the land use rights of the property, comprising a total site area of approximately 189,692 sq m, have been vested in Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area sq m
(2012) 3-42. . . . .	2012.7.13	Residential/ Commercial	Residential: 29 April 2082 Commercial: 29 April 2052	85,733
(2012) 3-1 . . . . .	2012.1.10	Residential	17 January 2082	94,591
(2012) 3-2 . . . . .	2012.1.10	Residential	17 January 2082	9,368
<b>Total</b> . . . . .				<u>189,692</u>

2. According to Grant Contract of State-owned Land Use Rights No. 3306022012A21052 entered into between State-owned Land Resources Bureau of Shaoxing (the Grantor) and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) (the Grantee) on 28 December 2012 the land use rights of the property have been granted to Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) with details as follows:

(i)	Location	:	north of National Road 104 Nanfu Line
(ii)	Site area	:	122,444 sq m
(iii)	Uses	:	Residential and commercial
(iv)	Land use term	:	70 years for residential use and 40 years for commercial use
(v)	Land premium	:	RMB556,710,000
(vi)	Plot ratio	:	not exceeding 1.20

According to Grant Contract of State-owned Land Use Rights No. 3306022012A21050 entered into between State-owned Land Resources Bureau of Shaoxing (the Grantor) and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) (the Grantee) on 28 December 2012 the land use rights of the property have been granted to Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) with details as follows:

(i)	Location	:	north of National Road 104 Nanfu Line
(ii)	Site Area	:	104,078 sq m
(iii)	Uses	:	Residential
(iv)	Land use term	:	70 years for residential use
(v)	Land premium	:	RMB460,220,000
(vi)	Plot ratio	:	not exceeding 1.10

3. According to Planning Permit for Construction Use of Land No. 330621201200014 issued by Urban Planning Bureau of Shaoxing on 9 July 2012, the construction site of a parcel of land with an area of 122,444 sq m is in compliance with the requirements of urban planning.

According to Planning Permit for Construction Use of Land No. 330621201200001 issued by Urban Planning Bureau of Shaoxing on 4 January 2012, the construction site of a parcel of land with an area of 103,959 sq m is in compliance with the requirements of urban planning.

4. According to four Planning Permits for Construction Works issued by Planning Bureau of Shaoxing County, the construction works of the property with a gross floor area of 165,315.39 sq m. are in compliance with the construction works requirements and have been approved with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u> sq m
330621201200020 . . . . .	3-Aug-12	48 residential buildings (Land C21. Phase 1)	49,943.21
330621201200032 . . . . .	8-Nov-12	No. 1-15 residential buildings (Land C12. Phase 2)	48,835.98
330621201200033 . . . . .	28-Nov-12	No. 16-29 residential buildings (Land C12. Phase 2)	23,579.52
330621201300009 . . . . .	19-Mar-13	No. 30-61 residential buildings (Land C12. Phase 2)	42,956.68
<b>Total . . . . .</b>			<u>165,315.39</u>

5. According to four Commencement Permits for Construction Works issued by Construction Bureau of Shaoxing Town, the property with a total gross floor area of 165,315.39 sq m, are in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate No.	Date of issue	Project name	Construction scale sq m
K330621201208210101 . . . . .	21-Aug-12	Dignity Mansion Land C21. Phase 1	49,943.21
K330621201211200101 . . . . .	20-Nov-12	No. 1-15 residential buildings (Land C12. Phase 2)	48,835.98
K330621201212070101 . . . . .	7-Dec-12	No. 16-29 residential buildings (Land C12. Phase 2)	23,579.52
K330621201304070101 . . . . .	7-Apr-13	No. 30-61 residential buildings (Land C12. Phase 2)	42,956.68
<b>Total</b> . . . . .			165,315.39

6. As advised by the Group, a portion of the property with gross floor area of approximately 88,485.01 sq m is subject to various agreement for sale and purchase for a total consideration of RMB1,014,976,109.00. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
7. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB241,506,051 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB495,803,948, We have taken into account such amounts in our valuation.
8. The market value when completed of the proposed development is estimated approximately RMB2,149,000,000.00.
9. According to Business License No. 330621000160268, Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司) has been established on 27 June 2011 as a limited company with a registered capital of RMB100,000,000 and an operating period from 27 June 2011 to 26 June 2021.
10. We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - (ii) Shaoxing Jingrui Property Co. Ltd. (紹興景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
  - (iv) All land premium stated in the Grant Contract of Stated-owned Land Use Rights have been paid and settled.
11. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contracts of State-owned Land Use Rights . . . . .	Yes
Planning Permits for Construction Use of Land . . . . .	Yes
Planning Permits for Construction Works. . . . .	Yes
Commencement Permits for Construction Works. . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013														
27. The under construction development known as Zhoushan Jingrui Peninsula Bay, Putuo District, Zhoushan, Zhejiang Province, the PRC  中國浙江省舟山市普陀區 舟山景瑞•半島灣 在建項目	The property comprises an under construction development developed on a parcel of land with site area of approximately 26,076.53 sq m.  Upon completion, the property is a residential development with retail and ancillary facilities and is known as Zhoushan Jingrui Peninsula Bay.  The details of the planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction .	RMB644,000,000  (100% interest attributable to the Group: RMB644,000,000)														
	<table border="1"> <thead> <tr> <th style="text-align: center;">Use</th> <th style="text-align: center;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Apartment</td> <td style="text-align: right;">63,042.84</td> </tr> <tr> <td>Serviced Apartment</td> <td style="text-align: right;">12,201.35</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">7,276.00</td> </tr> <tr> <td>Car park (429 lots)</td> <td style="text-align: right;">14,118.76</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,931.44</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>99,570.39</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Apartment	63,042.84	Serviced Apartment	12,201.35	Retail	7,276.00	Car park (429 lots)	14,118.76	Ancillary	2,931.44	<b>Total</b>	<b>99,570.39</b>		
Use	Approximate gross floor area sq m																
Apartment	63,042.84																
Serviced Apartment	12,201.35																
Retail	7,276.00																
Car park (429 lots)	14,118.76																
Ancillary	2,931.44																
<b>Total</b>	<b>99,570.39</b>																
	As advised by the Group, the property is scheduled to be completed in 2014.																
	The property is held with land use rights for a term due to expire on 13 September 2080 for residential use.																

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2010) 06069 issued by Zhoushan Land Administrative Bureau on 26 September 2010, the land use rights of the property having a site area of 26,076.53 sq m have been vested in Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) for a term due to expire on 13 September 2080 for residential use.
2. According to Grant Contract of State-owned Land Use Rights No. 3309032010A21034 entered into between Bureau of Land Resources and Housing Management of Zhoushan Municipality (the Grantor) and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 26,076.53 sq m to the Grantee with the details as follows:
  - (i) Location : Site A02-02 Lujiazhi Island
  - (ii) Site area : 26,076.53 sq m
  - (iii) Uses : Residential
  - (iv) Total Gross Floor Area : 78,230 sq m (above ground GFA)
  - (v) Land use term : 70 years for residential use
  - (vi) Land premium : RMB195,730,434
  - (vii) Plot ratio : not exceeding 3.00

3. According to Planning Permit for Construction Use of Land No. (2011) 0941018 issued by Urban Planning Bureau of Zhoushan on 29 April 2011, the construction site of a parcel of land with an area of 26,076.53 sq m is in compliance with the requirements of urban planning.
4. According to Planning Permit for Construction Works No. (2011)0942037 issued by Zhoushan Urban Planning Bureau on 20 June 2011, the construction works of the property with a gross floor area of 99,570.88 sq m are in compliance with the construction works requirements and have been approved.
5. According to Commencement Permit for Construction Works No. 330903201106300101 issued by Zhoushan Construction Committee on 30 June 2011, the construction works of the property with a gross floor area of 99,570.88 sq m are in compliance with the requirements for works commencement and have been permitted.
6. According to three Commodity Housing Pre-sale Permits, the property with a total gross floor area of 65,573.53 sq m, are permitted for pre-sale with details as follows:

Certificate No.	Date of issue	Name	Permitted pre-sale gross floor area
			sq m
20110026 . . . . .	27-Oct-11	Retails	15,183.76
20110029 . . . . .	24-Nov-11	Apartments and Retails	18,872.49
20120012 . . . . .	8-Mar-12	Apartments	31,517.28
<b>Total</b> . . . . .			<u>65,573.53</u>

7. As advised by the Group, a portion of the property with gross floor area of approximately 39,440 sq m are subject to various agreements for sale and purchase for a total consideration of RMB413,000,000. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB192,730,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB107,530,000. We have taken into account such amounts in our valuation.
9. The market value when completed of the proposed development is estimated approximately RMB896,000,000.
10. According to Business License No. 330903000031979 dated 29 May 2012, Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) has been established on 17 August 2010 as a limited company with a registered capital of RMB200,000,000 and an operating period from 17 August 2010 to 16 August 2040.
11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.



12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land. . . . .	Yes
Planning Permit for Construction Works . . . . .	Yes
Commencement Permit for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>												
28. The under construction development known as Huzhou Jingrui Dignity Mansion, No. 888 Longshan Avenue, Changxing County, Huzhou, Zhejiang Province, the PRC  中國浙江省湖州市長興縣龍山大道888號 湖州景瑞•望府 在建項目	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 86,077 sq m.  Upon completion, the property is a residential development and is known as Huzhou Jingrui Dignity Mansion.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB651,000,000  (100% interest attributable to the Group: RMB651,000,000)												
	<table border="1"> <thead> <tr> <th><u>Use</u></th> <th><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <td><u>sq m</u></td> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>50,197</td> </tr> <tr> <td>Commercial</td> <td>641</td> </tr> <tr> <td>Ancillary</td> <td>2,208</td> </tr> <tr> <td><b>Total</b></td> <td><b>53,046</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	50,197	Commercial	641	Ancillary	2,208	<b>Total</b>	<b>53,046</b>		
<u>Use</u>	<u>Approximate gross floor area</u>														
	<u>sq m</u>														
Residential	50,197														
Commercial	641														
Ancillary	2,208														
<b>Total</b>	<b>53,046</b>														
	The property is scheduled to be completed in 2014.														
	The property is held with land use rights for a term due to expire on 31 March 2081 for residential use.														

## Notes:

1. According to two State-owned Land Use Rights Certificates issued by Municipal Government of Changxing County, the land use rights of the property having a site area of 86,077 sq m have been vested in Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u>
				<u>sq m</u>
(2012) 00103738 . . .	6-Aug-12	Residential	31 March 2081	19,901
(2012) 00103739 . . .	6-Aug-12	Residential	31 March 2081	66,176
<b>Total</b> . . . . .				<b>86,077</b>

2. According to Grant Contract of State-owned Land Use Rights No. 3305222011A21002 entered into between State-owned Land Resources Bureau of Changxing County and Shanghai Jingrui Investment Co., Ltd. (上海景瑞投资有限公司) on 1 February 2011 and its supplemental agreement dated 12 August 2012, the land use rights of the property have been granted to Shanghai Jingrui Investment Co., Ltd (上海景瑞投资有限公司) with details as follows:

(i)	Location	:	Gaoshanling Village, Zhicheng Town
(ii)	Site area	:	66,176 sq m
(iii)	Uses	:	Residential
(iv)	Total Gross Floor Area	:	39,705.60 sq m
(v)	Land use term	:	70 years
(vi)	Land premium	:	RMB323,200,000
(vii)	Plot ratio	:	0.6

According to Grant Contract of State-owned Land Use Rights No. 3305222011A21003 entered into between State-owned Land Resources Bureau of Changxing County and Shanghai Jingrui Investment Co., Ltd. (上海景瑞投资有限公司) on 1 February 2011 and its supplemental agreement dated 12 August 2012, the land use rights of the property have been granted to Shanghai Jingrui Investment Co., Ltd (上海景瑞投资有限公司) with details as follows:

(i)	Location	:	Gaoshanling Village, Zhicheng Town
(ii)	Site area	:	19,901 sq m
(iii)	Uses	:	Residential
(iv)	Total Gross Floor Area	:	11,940.60 sq m
(v)	Land use term	:	70 years
(vi)	Land premium	:	RMB97,200,000
(vii)	Plot ratio	:	0.6

3. According to Planning Permit for Construction Use of Land No. 330522201100054 issued by Housing and Urban Construction Bureau of Changxing County on 1 September 2011, the construction site of a parcel of land with an area of 86,077 sq m is in compliance with the requirements of urban planning.
4. According to three Planning Permits for Construction Works issued by Planning Bureau of Changxing County, the construction works of the property with a total planned gross floor area of 53,045.89 sq m are in compliance with the construction works requirements and have been approved with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u>
			<b>sq m</b>
330522201100262 . . . . .	22-Nov-11	Block No. 1-2, 5, 9, 14-15	7,000.91
330522201200048 . . . . .	22-Mar-12	Block No. 3-4, 6-7, 11-12, 17-18, 24- 25, 31-32, 35-40, 45, 48, 51-63	28,522.74
330522201200239 . . . . .	30-Nov-12	Block No. 8, 10, 13, 16, 19-23, 26-30, 33-34, 41-44, 46-47, 49-50	17,522.24
<b>Total</b> . . . . .			<u><u>53,045.89</u></u>

5. According to three Commencement Permits for Construction Works by Housing and Urban Construction Bureau of Changxing County, the construction works of the property with a gross floor area of 53,045.89 sq m are in compliance with the requirements for works commencement and have been permitted with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Project name</u>	<u>Construction scale</u> sq m
330522201201170201 . . . . .	17-Jan-12	Block No. 1-2, 5, 9, 14-15	7,000.91
330522201208170101 . . . . .	17-Aug-12	Block No. 3-4, 6-7, 11-12, 17-18, 24-25, 31-32, 35-40, 45, 48, 51-63	28,522.74
330522201301280101 . . . . .	28-Jan-13	Block No. 8, 10, 13, 16, 19-23, 26- 30, 33-34, 41-44, 46-47, 49-50	17,522.24
<b>Total . . . . .</b>			<u><u>53,045.89</u></u>

6. According to two Commodity Housing Pre-sale Permits, the property with a total gross floor area of 44,674.46 sq m, are permitted for pre-sale with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Pre-sale block</u>	<u>Permitted pre-sale gross floor area</u> sq m
2012018 . . . . .	24-Aug-12	Block No. 1, 3-7, 9, 11-12, 14- 15, 17-18, 24-25, 31-32, 39, 51-54	20,691.02
2013012 . . . . .	25-Apr-13	Block Nos. 8, 10, 13, 19, 23, 26, 30, 37-38, 40-50, 55-63	23,983.44
<b>Total . . . . .</b>			<u><u>44,674.46</u></u>

7. As advised by the Group, a portion of the property with gross floor area of approximately 12,006 sq m are subject to various agreements for sale and purchase for a total consideration of RMB208,855,584. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB122,896,500 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB183,113,500. We have taken into account such amounts in our valuation.
9. The market value when completed of the proposed development is estimated approximately RMB1,049,000,000.
10. According to Business License No. 330522000068670 dated 7 March 2012, Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) has been established on 12 May 2011 as a limited company with a registered capital of RMB51,000,000 and an operating period from 12 May 2011 to 11 May 2021.
11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
  - Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contracts of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land . . . . .	Yes
Planning Permits for Construction Works . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
29. The under construction development known as Phases 3B to 4 of Tianjin Jingrui Sunny City, south of Jinyu Road, Xiaohezhuang Village, Xiaodian Town, Beichen District, Tianjin, the PRC  中國天津市北辰區小澗鎮小賀莊村、津榆公路南側天津景瑞·陽光尚城項目三期B區至四期在建項目	The property comprises an under construction development developed on a parcel of land with site area of approximately 141,621.60 sq m.  Upon completion, the property is a residential development with ancillary facilities and is known as Phases 3B to 4 of Tianjin Jingrui Sunny City.  The details of the planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB302,000,000  (100% interest attributable to the Group: RMB302,000,000)												
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">70,379.02</td> </tr> <tr> <td>Ancillary Facilities (above ground)</td> <td style="text-align: right;">276.00</td> </tr> <tr> <td>Ancillary Facilities (underground)</td> <td style="text-align: right;">5,833.97</td> </tr> <tr> <td>Car park (479 lots)</td> <td style="text-align: right;">20,648.28</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>97,137.27</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	70,379.02	Ancillary Facilities (above ground)	276.00	Ancillary Facilities (underground)	5,833.97	Car park (479 lots)	20,648.28	<b>Total</b>	<b>97,137.27</b>		
Use	Approximate gross floor area sq m														
Residential	70,379.02														
Ancillary Facilities (above ground)	276.00														
Ancillary Facilities (underground)	5,833.97														
Car park (479 lots)	20,648.28														
<b>Total</b>	<b>97,137.27</b>														
	As advised by the Group, the property is scheduled to be completed in 2015.														
	The property is held with land use rights for a term due to expire on 6 April 2078 for residential use.														

*Notes:*

1. According to State-owned Land Use Rights Certificate No. 2008-034 dated 18 April 2008, the land use rights of the Property, comprising a total site area of 141,621.60 sq m, have been vested in Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) for a term due to expire on 6 April 2078 for residential use.
2. According to Grant Contract of State-owned Land Use Rights No. CR2007280 entered into between Bureau of Land Resources and Housing Management of Tianjin Municipality (the Grantor) and Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 141,621.60 sq m to the Grantee with the details as follows:
  - (i) Location : south of Jinyu Road, Beichen District
  - (ii) Lot No. : Jin Beichen Yu (Gua) 2007-069
  - (iii) Site area : 141,621.60 sq m
  - (iv) Uses : Residential
  - (v) Land use term : 70 years for residential use
  - (vi) Land premium : RMB398,900,000
  - (vii) Plot ratio : not exceeding 1.6

3. According to Planning Permit for Construction Use of Land issued by Planning Bureau of Tianjin Municipality on 5 November 2007, the property with a total site area of 141,621.60 sq m, is in compliance with the urban planning requirements and has been approved.
4. According to three Planning Permits for Construction Work issued by Planning Bureau of Tianjin Municipality, the construction works, of the property with a total planned gross floor area of 142,399.19 sq m, is in compliance with the urban planning requirements and has been approved with details as follows:

Certificate No.	Date of issue	Project name	Construction scale (sq m)		
			Aboveground	Underground	Total
2010-0065 . . . . .	27-Sep-10	Block 17-23	21,578.31	–	21,578.31
2010-0064 . . . . .	27-Sep-10	Block 41-52	48,566.19	22,775.46	71,341.65
2011-0096 . . . . .	9-Nov-11	Block 35-40 and Car Park Spaces	45,161.40	4,317.83	49,479.23
<b>Total . . . . .</b>			<u>115,305.90</u>	<u>27,093.29</u>	<u>142,399.19</u>

5. According to a Commencement Permit for Construction Works issued by Construction Bureau of Tianjin Municipality, the property with a total gross floor area of 92,919.96 sq m, is in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate No.	Date of issue	Project name	Construction scale (sq m)		
			Aboveground	Underground	Total
1211302020 1010001 . . . . .	9-Dec-10	Block 17-23, 41-52 and Car Park Spaces	70,144.50	22,775.46	92,919.96

6. According to twenty-one Commodity Housing Pre-sale Permits, the property with a total gross floor area of 89,797.21 sq m, are permitted for pre-sale with details as follows:

Certificate No.	Date of issue	Block No.	Permitted pre-sale
			gross floor area
			sq m
(2011) 339-001 . . . . .	24-Jun-11	Block 17	3,745.12
(2011) 339-002 . . . . .	24-Jun-11	Block 18	3,745.12
(2011) 339-003 . . . . .	24-Jun-11	Block 19	3,745.12
(2011) 339-004 . . . . .	24-Jun-11	Block 20	3,745.12
(2011) 339-005 . . . . .	24-Jun-11	Block 21	2,811.14
(2011) 339-006 . . . . .	24-Jun-11	Block 22	1,877.22
(2011) 339-007 . . . . .	24-Jun-11	Block 23	2,811.14
(2011) 520-002 . . . . .	10-Aug-11	Block 52	4,772.02
(2011) 520-001 . . . . .	10-Aug-11	Block 42	2,849.99
(2011) 687-001 . . . . .	20-Sep-11	Block 43	4,772.02
(2011) 687-002 . . . . .	20-Sep-11	Block 46	4,772.02
(2011) 687-003 . . . . .	20-Sep-11	Block 47	2,849.75
(2011) 687-004 . . . . .	20-Sep-11	Block 50	4,772.02
(2011) 687-005 . . . . .	20-Sep-11	Block 51	4,772.02
(2012) 0540-001 . . . . .	18-Jul-12	Block 41	2,849.99
(2012) 0540-002 . . . . .	18-Jul-12	Block 44	4,772.02
(2012) 0540-003 . . . . .	18-Jul-12	Block 45	4,772.02
(2012) 0540-004 . . . . .	18-Jul-12	Block 48	3,078.46
(2012) 0540-005 . . . . .	18-Jul-12	Block 49	4,772.02
(2013) 0447-001 . . . . .	19-Jul-13	Block 35	8,756.44
(2013) 0447-002 . . . . .	19-Jul-13	Block 36	8,756.44
<b>Total . . . . .</b>			<u>89,797.21</u>

7. As advised by the Group, a portion of the property with gross floor area of approximately 6,656.90 sq m are subject to various agreements for sale and purchase for a total consideration of RMB42,036,273. The total consideration aforesaid in respect of this portion of the property is reflected and included in our valuation shown above.
8. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB150,086,616 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB152,310,000. We have taken into account such amounts in our valuation.

9. The market value when completed of the proposed development is estimated approximately RMB567,000,000.
10. According to Business License No. 120113000004250 dated 7 December 2012, Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) has been established as a limited company on 14 August 2007 with a registered capital of RMB30,000,000.
11. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land . . . . .	Yes
Planning Permits for Construction Works . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Commodity Housing Pre-sale Permits . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>												
30. The under construction development known as Phase 5 of Shanghai Jingrui Fair Town, Jiading District, Shanghai, the PRC  中國上海市嘉定區 上海景瑞•嘉城五期 在建項目	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 8,445 sq m.  Upon completion, the property is a residential development and is known as Phase 5 of Shanghai Jingrui Fair Town.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB143,000,000  (40% interest attributable to the Group: RMB57,200,000)												
	<table border="1"> <thead> <tr> <th style="text-align: center;"><u>Use</u></th> <th style="text-align: center;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <td style="text-align: center;"><u>sq m</u></td> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">13,505.31</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">441.93</td> </tr> <tr> <td>Basement</td> <td style="text-align: right;">3,390.40</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><u>17,337.64</u></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	13,505.31	Ancillary	441.93	Basement	3,390.40	<b>Total</b>	<u>17,337.64</u>		
<u>Use</u>	<u>Approximate gross floor area</u>														
	<u>sq m</u>														
Residential	13,505.31														
Ancillary	441.93														
Basement	3,390.40														
<b>Total</b>	<u>17,337.64</u>														
	The property is scheduled to be completed in 2014.														
	The property is held with land use rights for a term due to expire on 10 July 2075 for residential use.														

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2011) 021456 issued by Shanghai Planning and Land Resource Administrative Bureau on 28 October 2011, the land use rights of the property having a site area of 8,445 sq m have been vested in Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) for a term due to expire on 10 July 2075 for residential use.
2. According to Grant Contract of State-owned Land Use Rights No. (2005) 103 entered into between Housing and State-owned Land Resources Bureau of Jiading District Shanghai and Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) on 11 July 2005 and its supplementary agreement dated 26 September 2011, the land use rights of the property have been granted to Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) with details as follows:
  - (i) Location : Land lot No. 41-4, 41-5, 25 Jiefang, Jiangqiao Town
  - (ii) Site area : 8,445 sq m
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years
  - (v) Land premium : RMB8,083,425
  - (vi) Plot ratio : 1.48



3. According to two Planning Permits for Construction Works issued by Shanghai Planning and Administrative Bureau, the construction works of the property with a total planned gross floor area of 17,337.64 sq m are in compliance with the construction works requirements and have been approved with details as follows:

Certificate No.	Date of issue	Project name	Construction scale
(2012)FA31011420125191. . . . .	31-Dec-12	Phase 5 of Jingrui Fair Town	17,239.74
(2013)FA31011420134150. . . . .	4-Feb-13	Phase 5 of Jingrui Fair Town	97.90
<b>Total</b> . . . . .			<u>17,337.64</u>

4. According to two Commencement Permits of Construction Works by Shanghai Construction and transportation Committee, the construction works of the property with a gross floor area of 17,337.64 sq m are in compliance with the requirements for works commencement and have been permitted with details as follows:

Certificate No.	Date of issue	Project name	Construction scale
1202JD0010D01 . . . . .	18-Jan-13	Phase 5 of Jingrui Fair Town	17,239.74
1202JD0010D02 . . . . .	7-Feb-13	Phase 5 of Jingrui Fair Town	97.90
<b>Total</b> . . . . .			<u>17,337.64</u>

5. As advised by the Group, the total expanded construction cost for the property as at the date of valuation was RMB12,209,435 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB70,365,002. We have taken into account such amounts in our valuation.

6. The market value when completed of the proposed development is estimated approximately RMB286,000,000.

7. According to Business License No. 310114000629668 dated 17 February 2009, Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) has been established on 16 August 2002 as a limited company with a registered capital of RMB100,000,000 and an operating period from 16 August 2002 to 15 August 2020.

8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
- (ii) Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
- (iii) Shanghai Huajiang Construction Development Co., Ltd. (上海華江建設發展有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

9. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permits for Construction Works . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Business license . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013																
31. The under construction development known as Phases 1 to 2 of Ningbo Jingrui Dignity Mansion, Yinzhou District, Ningbo, Zhejiang Province, the PRC  中國浙江省寧波市鄞州區寧波景瑞•望府一期至二期在建項目	The property comprises an under construction development developed on a parcel of land with a total site area of approximately 69,693.00 sq m.  Upon completion, the property is a residential development and is known as Phases 1 to 2 of Ningbo Jingrui Dignity Mansion.  The details of planned gross floor area of the property are as follows:	As at the date of valuation, the property was under construction.	RMB973,000,000  (100% interest attributable to the Group: RMB973,000,000)																
	<table border="1"> <thead> <tr> <th style="text-align: center;">Use</th> <th style="text-align: center;">Approximate gross floor area</th> </tr> <tr> <td></td> <th style="text-align: center;">sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">89,748.90</td> </tr> <tr> <td>Townhouse</td> <td style="text-align: right;">26,251.70</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">3,509.78</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">5,850.51</td> </tr> <tr> <td>Car Parks (1,060 lots)</td> <td style="text-align: right;">37,421.24</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;"><b>162,782.13</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area		sq m	Residential	89,748.90	Townhouse	26,251.70	Commercial	3,509.78	Ancillary	5,850.51	Car Parks (1,060 lots)	37,421.24	<b>Total</b>	<b>162,782.13</b>		
Use	Approximate gross floor area																		
	sq m																		
Residential	89,748.90																		
Townhouse	26,251.70																		
Commercial	3,509.78																		
Ancillary	5,850.51																		
Car Parks (1,060 lots)	37,421.24																		
<b>Total</b>	<b>162,782.13</b>																		
	The property is scheduled to be completed in 2015.																		
	The property is held with land use rights for a term due to expire on 29 April 2083 for residential use.																		

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2013) 12-05922 issued by Ningbo Land Resources Bureau on 26 August 2013, the land use rights of the property comprising a total site area of 33,483.00 sq m have been vested in Ningbo Jingrui Property Co., Ltd (寧波景瑞置業有限公司) for a term due to expire on 29 April 2083 for residential use.

According to State-owned Land Use Rights Certificate No. (2013) 12-05921 issued by Ningbo Land Resources Bureau on 26 August 2013, the land use rights of the property comprising a total site area of 36,210.00 sq m. have been vested in Ningbo Jingrui Property Co., Ltd (寧波景瑞置業有限公司) for a term due to expire on 29 April 2083 for residential use.

2. According to Grant Contract of State-owned Land Use Rights No. 3302122013A21010 entered into between State-owned Land Resources Bureau of Ningbo (the Grantor) and Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 69,693 sq m to the Grantee with the details as follows:

- |                   |   |   |
|-------------------|---|---|
| (i) Location      | : | Shuguang Village, Jiangshan Town, Yinzhou District                          |
| (ii) Lot No.      | : | A residential site in South Tiantong Road, Jiangshan Town, Yinzhou District |
| (iii) Site area   | : | 69,693 sq m   |
| (iv) Uses         | : | Residential   |
| (v) Land use term | : | 70 years for residential use  |
| (vi) Land premium | : | RMB766,483,614  |
| (vii) Plot ratio  | : | 1.8   |

3. According to the Supplementary Agreement of Contract of Grant of State-owned Land Use Rights entered into between State-owned Land Resources Bureau of Ningbo (the Grantor) and Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司) (the Grantee) on 6 March 2013, the Grantee has transferred the property to Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司).
4. According to Planning Permit for Construction Works No. (2013)0260081 issued by Planning Bureau of Ningbo on 25 June 2013, the construction works of the property with a gross floor area of 37,273.26 sq m. are in compliance with the construction works requirements and have been approved.
5. According to Planning Permit for Construction Works No. (2013)0260124 issued by Planning Bureau of Ningbo on 13 August 2013, the construction works of the property with a gross floor area of 125,508.87 sq m. are in compliance with the construction works requirements and have been approved.
6. According to Commencement Permit for Construction Works No. 330227201307110101 issued by Residential and Urban and Rural Construction Bureau of Ningbo Yinzhou District on 11 July 2013, the property with a total gross floor area of 37,273.26 sq m, are in compliance with the requirements for works commencement and have been permitted.
7. According to Commencement Permit for Construction Works No. 33022701308280201 issued by Residential and Urban and Rural Construction Bureau of Ningbo Yinzhou District on 28 August 2013, the property with a total gross floor area of 125,508.87 sq m, are in compliance with the requirements for works commencement and have been permitted.
8. According to Business License No. 330212000328600 dated 15 April 2013, Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) was established on 20 February 2013 as a limited company with a registered capital of RMB200,000,000 for an operating period from 20 February 2013 to 19 February 2043.
9. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB61,400,000 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB715,600,000, We have taken into account such amounts in our valuation.
10. The market value when completed of the proposed development is estimated approximately RMB2,270,000,000.
11. We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
12. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Supplementary Agreement of Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permits for Construction Work . . . . .	Yes
Commencement Permits for Construction Works . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
32. The under construction development known as Phase 1 of Shaoxing Jingrui The Mansion, Yuecheng District, Shaoxing, Zhejiang, the PRC  中國浙江省紹興市越城區紹興景瑞•上府一期在建項目	<p>The property comprises an under construction development is developed on a parcel of land with a total site area of approximately 110,492 sq m.</p> <p>Upon completion, the property is a residential development with retail facilities and is known as Phase 1 of Shaoxing Jingrui The Mansion.</p> <p>The details of the planned gross floor area of the property are as follows:</p>	As at the date of valuation, the property was under construction.	RMB535,000,000  (100% interest attributable to the Group: RMB535,000,000)

<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>
Townhouse	89,122.27
Ancillary	7,531.02
Retail	1,244.68
<b>Total</b>	<u>97,897.97</u>

The property is scheduled to be completed in 2014.

The property is held with land use rights for a term due to expire on 28 December 2082 for residential use and 28 December 2052 for commercial use.

*Notes:*

1. According to a State-owned Land Use Rights Certificate issued by Shaoxing District Municipal Government, the land use rights of the property, comprising a total site area of approximately 110,492 sq m, have been vested in Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u> <u>sq m</u>
(2013) 15354 . . . . .	22 July 2013	Residential/ Commercial	Residential: 28 December 2082 Commercial: 28 December 2052	110,492
<b>Total</b> . . . . .				<u>110,492</u>

2. According to Grant Contract of State-owned Land Use Rights No. 3306022012A21070 entered into between State-owned Land Resources Bureau of Shaoxing (the Grantor) and Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) (the Grantee) on 28 December 2012, the land use rights of the property have been granted to the Grantee with details as follows:
- (i) Location : west of Lifeng Road, north of Yuming Road, east of Lvyun Road, south of Planning Road
- (ii) Site area : 110,492 sq m
- (iii) Uses : Residential and commercial
- (iv) Land use term : 70 years for residential use and 40 years for commercial use
- (v) Land premium : RMB375,000,000
- (vi) Plot ratio : not exceeding 1.40
3. According to Planning Permit for Construction Use of Land No.330621201200014 issued by Urban Planning Bureau of Shaoxing on 10 April 2013, the construction site of a parcel of land with an area of 110,492 sq m is in compliance with the requirements of urban planning .
4. According to Planning Permit for Construction Works No.330602201300017 issued by Planning Bureau of Shaoxing on 25 July 2013, the construction works of the property with a gross floor area of 97,897.97 sq m. are in compliance with the construction works requirements and have been approved .
5. According to Commencement Permit for Construction Works No. 330602201307263101 issued by Construction Bureau of Shaoxing on 26 July 2013, the construction works of the property with a total gross floor area of 97,897.97 sq m, are in compliance with the requirements for works commencement and have been permitted .
6. According to Business License No. 330600000158607 dated 21 February 2013, Shaoxing Jinghu Property Co., Ltd (紹興景湖置業有限公司) was established on 25 January 2013 as a limited company with a registered capital of RMB100,000,000 for an operating period from 25 January 2013 to 31 December 2022.
7. As advised by the Group, the total expended construction cost for the property as at the date of valuation was RMB 399,817,439 whilst the outstanding construction cost for completion of the property as at the date of valuation was RMB 29,327,267, We have taken into account such amounts in our valuation.
8. The market value when completed of the proposed development is estimated approximately RMB1,154,000,000.
9. We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
- (ii) Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property.
- (iii) Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) has the right to freely use, occupy, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.
- (iv) All land premium Stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
10. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate . . . . .       | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Planning Permit for Construction Use of Land . . . . .  | Yes |
| Planning Permit for Construction Work . . . . .         | Yes |
| Commencement Permit for Construction Works . . . . .    | Yes |
| Business License . . . . .                              | Yes |

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
33. The under construction development known as Phase 1A of Chongqing Jingrui Royal Bay, Beibei District, Chongqing, the PRC  中國重慶市北碚區重慶景瑞•御藍灣一期A區在建項目	<p>The property comprises an under construction development developed on a parcel of land with site area of approximately 41,519 sq m.</p> <p>Upon completion, the property is a residential development with retail and ancillary facilities and is known as Phase 1A of Chongqing Jingrui Royal Bay.</p> <p>The details of the planned gross floor area of the property are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">51,474.03</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">8,753.26</td> </tr> <tr> <td>Ancillary facilities</td> <td style="text-align: right;">636.15</td> </tr> <tr> <td>Car park (375 lots)</td> <td style="text-align: right;">15,473.30</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>76,336.74</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	51,474.03	Retail	8,753.26	Ancillary facilities	636.15	Car park (375 lots)	15,473.30	<b>Total</b>	<b>76,336.74</b>	<p>As at the date of valuation, the property was under construction.</p>	<p>RMB273,000,000</p> <p>(100% interest attributable to the Group: RMB273,000,000)</p>
Use	Approximate gross floor area sq m														
Residential	51,474.03														
Retail	8,753.26														
Ancillary facilities	636.15														
Car park (375 lots)	15,473.30														
<b>Total</b>	<b>76,336.74</b>														
	<p>The property is scheduled to be completed in December 2014.</p> <p>The property is held with land use rights for terms due to expire on 28 February 2063 for residential use and 28 February 2053 for commercial use.</p>														

*Notes:*

1. According to State-owned Land Use Rights Certificate No. 2013-00365 dated 20 August 2013, the land use rights of the property, comprising a total site area of 41,519 sq m, have been vested in Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) for terms due to expire on 28 February 2063 for residential use and 28 February 2053 for commercial use.
2. According to Grant Contract of State-owned Land Use Rights No. 2012353 entered into between Bureau of Land Resources and Housing Management of Chongqing Municipality (the Grantor) and Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 65,467 sq m to the Grantee with the details as follows:
  - (i) Location : Beibei District
  - (ii) Lot No. : B43-1-1/03,B44-2/06
  - (iii) Site area : 65,467 sq m
  - (iv) Uses : Residential/Commercial
  - (v) Land use term : 50 years for residential use and 40 years for commercial use from 28 February 2013.
  - (vi) Land premium : RMB197,370,000

3. According to Planning Permit for Construction Use of Land No.500109201300035 issued by Planning Bureau of Chongqing Municipality on 8 August 2013, the property on the land parcel with a total site area of 65,467 sq m, is in compliance with the urban planning requirements and has been approved.
4. According to Planning Permit for Construction Works No.500109201300055 issued by Planning Bureau of Chongqing Municipality, the construction works, of the property with a total planned gross floor area of 76,336.74 sq m, is in compliance with the urban planning requirements and has been approved.
5. According to Commencement Permit for Construction Works No.500109201308290201 issued by Chongqing Urban Construction Committee, the property with a total gross floor area of 76,336.74 sq m, is in compliance with the requirements for works commencement and have been permitted .
6. According to Business License No. 500109000044885 dated 29 January 2013, Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) has been established as a limited company on 6 December 2012 with a registered capital of RMB100,000,000.
7. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;
  - (iii) Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
8. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
 

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land. . . . .	Yes
Planning Permit for Construction Works . . . . .	Yes
Commencement Permit of Construction Works. . . . .	Yes
Business License . . . . .	Yes

## Group IV – Properties held by the Group for future development in the PRC

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013								
34. Development site for the proposed development known as Phase 4 of Suzhou Jingrui Jade Bay, Chengxiang Town, Taicang, Jiangsu Province, the PRC  中國江蘇省太倉市城廂鎮蘇州景瑞•翡翠灣四期待建項目土地	Suzhou Jingrui Jade Bay is a residential development with retail, car parking spaces and ancillary facilities and has been developing on a parcel of land with a total site area of approximately 268,766.70 sq m in 4 phases.  Phase 1 of Suzhou Jingrui Jade Bay has been completed in 2013 and is available for sale. Phases 2 to 3 of Suzhou Jingrui Jade Bay are under construction.  The property comprises the remaining land pending the proposed development known as Phase 4 of Suzhou Jingrui Jade Bay.  The details of planned gross floor area of the proposed development are as follows:	As at the date of valuation, the property was land.	RMB336,000,000  (65% interest attributable to the Group: RMB218,400,000)								
	<table border="1"> <thead> <tr> <th style="text-align: center;">Use</th> <th style="text-align: center;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Residential</td> <td style="text-align: center;">183,988</td> </tr> <tr> <td style="text-align: center;">Basement</td> <td style="text-align: center;">61,100</td> </tr> <tr> <td style="text-align: center;"><b>Total</b></td> <td style="text-align: center;"><b>245,088</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	183,988	Basement	61,100	<b>Total</b>	<b>245,088</b>		
Use	Approximate gross floor area sq m										
Residential	183,988										
Basement	61,100										
<b>Total</b>	<b>245,088</b>										
	As advised by the Group, the proposed development is scheduled to be completed in 2016.  The property is held with land use rights for residential/commercial uses. For details of land use term, please see Note 1 below.										

*Notes:*

1. According to ten State-owned Land Use Rights Certificates issued by Taicang State-owned Land Resources Bureau, the land use rights of the property with total site area of approximately 258,199.90 sq m have been vested in Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area sq m
(2010) 022008753 . . . .	24 June 2010	Residential; Commercial	19 May 2080	51,294.20
(2010) 022008754 . . . .	24 June 2010	Residential; Commercial	19 May 2080	47,525.70
(2010) 022008756 . . . .	24 June 2010	Residential; Commercial	19 May 2080	36,421.00
(2010) 022008757 . . . .	24 June 2010	Residential; Commercial	19 May 2080	25,240.90
(2010) 022008758 . . . .	24 June 2010	Residential; Commercial	19 May 2080	53,444.00
(2012) 022010638 . . . .	13 August 2012	Residential; Commercial	29 December 2081	16,815.80



Certificate No.	Date of issue	Use	Expiry date of land use term	Site area sq m
(2012) 022010635 . . . .	13 August 2012	Residential; Commercial	29 December 2081	7,921.70
(2012) 022010636 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,679.10
(2012) 022010637 . . . .	13 August 2012	Residential; Commercial	29 December 2081	2,829.50
(2012) 022010632 . . . .	13 August 2012	Residential; Commercial	29 December 2081	8,028.00
<b>Total</b> . . . . .				<u>258,199.90</u>

2. According to Grant Contract of State-owned Land Use Rights No. 3205852009CR0148 entered into between State-owned Land Resources Bureau of Taicang and Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司) on 16 October 2009 and its supplemental agreement dated 20 January 2012, the land use rights of the property have been granted to Shanghai Jingrui Investment Co., Ltd. (上海景銳投資有限公司) with details as follows:

- (i) Location : east of Jingqi Road, north of Weiyi Road
- (ii) Site area : 224,492.60 sq m
- (iii) Uses : Residential, Commercial
- (iv) Land use term : 50 years for commercial, 70 years for residential
- (v) Land premium : RMB520,000,000
- (vi) Plot ratio : N/A

3. According to Business License No. 320585000115236 dated 2 June 2010, Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has been established on 6 January 2010 as a limited company with a registered capital of RMB150,000,000 and an operating period from 6 January 2010 to 5 January 2040.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificates of the property is valid, legal and enforceable under the PRC laws;
- (ii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) is the sole legal land user of the property;
- (iii) Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights of the property; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>														
35. Development site for the proposed development known as Phase 3 of Changzhou Jingrui Dignity Mansion, east of Longjin Road, south of Yongning road, Tianning district, Changzhou, Jiangsu Province, the PRC	Changzhou Jingrui Dignity Mansion is a residential development with retail, car parking spaces and ancillary facilities and has been developing on a parcel of land with a total site area of approximately 93,045 sq m in 3 phases.  Phases 1 to 2 of Changzhou Jingrui Dignity Mansion are under construction.	As at the date of valuation, the property was land.	RMB413,000,000  (51% interest attributable to the Group: RMB210,630,000)														
中國江蘇省常州市天寧區龍錦路以東、永寧路以南常州景瑞·望府三期待建項目土地	The property comprises the remaining land pending the proposed development known as Phase 3 of Changzhou Jingrui Dignity Mansion.  The details of the planned gross floor area of the proposed development are as follows:																
	<table border="1"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <th style="text-align: right;"><u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">92,597.00</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">7,296.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">868.00</td> </tr> <tr> <td>Car park (810 lots)</td> <td style="text-align: right;">19,801.25</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>120,562.25</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	92,597.00	Retail	7,296.00	Ancillary	868.00	Car park (810 lots)	19,801.25	<b>Total</b>	<b>120,562.25</b>		
<u>Use</u>	<u>Approximate gross floor area</u>																
	<u>sq m</u>																
Residential	92,597.00																
Retail	7,296.00																
Ancillary	868.00																
Car park (810 lots)	19,801.25																
<b>Total</b>	<b>120,562.25</b>																
	As advised by the Group, the proposed development is scheduled to be completed in 2018.																
	The property is held with land use rights for a term due to expire on 18 August 2080 for residential use.																

*Notes:*

1. According to two State-owned Land Use Rights Certificates both issued by Changzhou Land Resources Bureau, the land use rights of the property, comprising a total site area of approximately 93,045 sq m, have been vested in Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u>
				<u>sq m</u>
(2011) 0497218 . . . .	5 January 2012	Residential	18 August 2080 for residential use	56,542.60
(2011) 0497210 . . . .	5 January 2012	Residential	18 August 2080 for residential use	36,502.40
<b>Total</b> . . . . .				<b>93,045.00</b>

2. According to Grant Contract of State-owned Land Use Rights No. 3204012010CR0164 entered into between Changzhou Land Resources of Bureau (the Grantor) and Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司) (Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 93,045 sq m to the Grantee with the details as follows:

- |       |               |   |  |
|-------|---------------|---|--|
| (i)   | Location      | : | west of Qingfeng Road, north of Qingye Road, east of Hejiatang River, south of Yongning Road |
| (ii)  | Site area     | : | 93,045 sq m  |
| (iii) | Uses          | : | residential  |
| (iv)  | Land use term | : | 70 years for residential use   |
| (v)   | Land premium  | : | RMB750,000,000   |
| (vi)  | Plot ratio    | : | No more than 2.4   |

According to Supplementary Agreement of Grant Contract of State-owned Land Use Rights dated 25 February 2011, the Grantee has been changed from Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司) (Grantee) to Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司).

3. According to Business License No. 320000400004588, Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) has been established on 23 February 2011 as a limited company with a registered capital of RMB620,000,000.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificates of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) is the sole legal land user of the property;
  - (iii) Changzhou Jingshang Property Co., Ltd. (常州景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights of the property; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013								
36. Development site for the proposed development known as Phase 4 of Nantong Jingrui Dignity Mansion, Economic and Technological Development Area, Nantong, Jiangsu Province, the PRC  中國江蘇省南通市經濟技術開發區南通景瑞•望府四期待建項目土地	<p>Nantong Jingrui Dignity Mansion is a residential development with retail, car parking spaces and ancillary facilities and has been developing on a parcel of land with a total site area of approximately 191,220.47 sq m in 4 phases.</p> <p>Phase 1 of Nantong Jingrui Dignity Mansion has been completed in 2012 and is available for sale. Phases 2 and 3 of Nantong Jingrui Dignity Mansion are under construction.</p> <p>The property comprises the remaining land pending the proposed development known as Phase 4 of Nantong Jingrui Dignity Mansion.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Retail</td> <td style="text-align: right;">24,000.00</td> </tr> <tr> <td>Car park and underground ancillary space (172 lots)</td> <td style="text-align: right;">5,336.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>29,336.00</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Retail	24,000.00	Car park and underground ancillary space (172 lots)	5,336.00	<b>Total</b>	<b>29,336.00</b>	As at the date of valuation, the property was land.	RMB157,000,000  (100% interest attributable to the Group: RMB157,000,000)
Use	Approximate gross floor area sq m										
Retail	24,000.00										
Car park and underground ancillary space (172 lots)	5,336.00										
<b>Total</b>	<b>29,336.00</b>										
	<p>As advised by the Group, the proposed development is scheduled to be completed in 2016.</p> <p>The property is held with land use rights for a term due to expire on 28 January 2080 for residential use and 28 January 2050 for commercial use.</p>										

## Notes:

- According to the State-owned Land Use Rights Certificate issued by Nantong Development Area Municipal Government, the land use rights of the property, comprising a total site area of approximately 191,220.47 sq m, have been vested in Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) with details as follows:

Certificate No.	Date of issue	Use	Expiry date of land use term	Site area sq m
TKGY(2010) 0302021 . . . . .	19 July 2010	Residential; Commercial	Residential: 28 January 2080; Commercial: 28 January 2050	191,220.47
<b>Total</b> . . . . .				<u>191,220.47</u>

2. According to Grant Contract of State-owned Land Use Rights No. 3206012009CR0146 entered into between State-owned Land Resources Bureau of Nantong and Shanghai Jingrui Properties (Group) Co., Ltd. (上海景瑞地產(集團)股份有限公司) on 30 December 2009 and its supplemental agreement dated 25 February 2010, the land use rights of the property have been granted to Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) with details as follows:
- (i) Location : east to Xinkai North Road, south to Fuxing East Road
  - (ii) Site area : 191,220.47 sq m
  - (iii) Uses : Residential/Commercial
  - (iv) Land use term : Residential: 70 years/Commercial: 40 years
  - (v) Land premium : RMB694,130,306.1
  - (vi) Plot ratio : 1.7
3. According to Business License No. 320691000054609 dated 26 January 2010, Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) has been established on 26 January 2010 as a limited company with a registered capital of RMB100,000,000 and an operating period from 26 January 2010 to 25 January 2040.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) is the sole legal land user of the property;
  - (iii) The property is subject to a mortgage in favour of Nantong Economic and Technological Development Area Branch of Agricultural Bank of China;
  - (iv) Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate . . . . .       | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Business License . . . . .                              | Yes |

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>												
37. Development site for the proposed development known as Phases 3 to 5 of Shaoxing Jingrui Dignity Mansion, Shaoxing County, Shaoxing, Zhejiang Province, the PRC  中國浙江省紹興市紹興縣 紹興景瑞•望府三期至五期 待建項目土地	The property comprises a parcel of land with a total site area of approximately 241,378 sq m. for the proposed development known as Phases 3 to 5 of Shaoxing Jingrui Dignity Mansion.  The details of the planned gross floor area of the proposed development are as follows:  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u> <u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">194,069.59</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">55,213.85</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,579.56</td> </tr> <tr> <td>Car park (985 lots)</td> <td style="text-align: right;">8,600.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>260,463.00</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>	Residential	194,069.59	Retail	55,213.85	Ancillary	2,579.56	Car park (985 lots)	8,600.00	<b>Total</b>	<b>260,463.00</b>	As at the date of valuation, the property was land.	RMB1,543,000,000  (100% interest attributable to the Group: RMB1,543,000,000)
<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>														
Residential	194,069.59														
Retail	55,213.85														
Ancillary	2,579.56														
Car park (985 lots)	8,600.00														
<b>Total</b>	<b>260,463.00</b>														

As advised by the Group, the proposed development is scheduled to be completed in 2015.

The property is held with land use rights for residential use. For details of land use term, please see Note 1 below.

*Notes:*

1. As advised by the Group, the property is owned by three companies, namely Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司), Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司) and Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司).

According to State-owned Land Use Rights Certificate No. (2012) 3-41 dated 13 July 2012, the land use rights of the land, comprising a total site area of 36,711 sq m, have been vested in Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司) for a term of 70 years for residential use and 40 years for commercial use.

According to four State-owned Land Use Rights Certificates all issued by Shaoxing District Municipal Government, the land use rights of the land, comprising a total site area of approximately 112,100 sq m, have been vested in Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u> <u>sq m</u>
(2012) 3-73 . . . . .	2012.10.31	residential	2082.3.13	36,833
(2012) 3-74 . . . . .	2012.10.31	residential	2082.3.13	17,452
(2012) 3-75 . . . . .	2012.10.31	residential	2082.3.13	57,815
<b>Total</b> . . . . .				<b>112,100</b>

According to State-owned Land Use Rights Certificate No. (2012)3-90 dated 17 December 2012, the land use rights of the land, comprising a total site area of 92,567 sq m, have been vested in Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司) for a term of 70 years for residential use.

2. According to Grant Contract of State-owned Land Use Rights No. 3306022012A21049 entered into between State-owned Land Resources Bureau of Shaoxing (the Grantor) and Shanghai Jingrui Properties (Group) Co., Ltd (上海景瑞地產(集團)股份有限公司) (the Grantee) on 28 December 2012 the land use rights of the property have been granted to Shanghai Jingrui Properties (Group) Co., Ltd (上海景瑞地產(集團)股份有限公司) with details as follows:

- (i) Location : to the north of National Road 104 Nanfu Line
- (ii) Site area : 100,777 sq m
- (iii) Uses : Residential
- (iv) Land use term : 70 years for residential use
- (v) Land premium : RMB497,500,000
- (vi) Plot ratio : not exceeding 1.10

3. According to Business License No. 330621000160268, Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司) has been established on 27 June 2011 as a limited company with a registered capital of RMB100,000,000 and an operating period from 27 June 2011 to 26 June 2021.

According to Business License No. 330621000183423, Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司) was established on 17 January 2012 as a limited company with a registered capital of RMB100,000,000 for an operating period from 17 January 2012 to 16 January 2022.

According to Business License No. 330621000183431, Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司) was established on 17 January 2012 as a limited company with a registered capital of RMB10,000,000 for an operating period from 17 January 2012 to 16 January 2022.

4. We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:

- (i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;
- (ii) Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司), Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司) and Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司) have the right to freely use, occupy, lease, transfer, mortgage and dispose of the land use rights of the property; and
- (iii) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificates . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business Licenses . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013														
38. Development site for the proposed development known as Phases 2 to 4 of Tianjin Jingrui England County, Baodi District, Tianjin, the PRC  中國天津市寶坻區 天津景瑞•英郡二期至四期 待建項目土地	Tianjin Jingrui England County is a residential development with retail, car parking spaces and ancillary facilities and has been developing on a parcel of land with a total site area of approximately 255,529.6 sq m in 4 phases.  Phase 1 of Tianjin Jingrui England County has been completed in 2012 and is available for sale.  The property comprises the remaining land pending the proposed development known as Phases 2 to 4 of Tianjin Jingrui England County.  The details of the planned gross floor area of the proposed development are as follows:	As at the date of valuation, the property was land.	RMB503,000,000  (100% interest attributable to the Group: RMB503,000,000)														
	<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area</th> </tr> <tr> <td></td> <th style="text-align: right;">sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">367,500</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">3,170</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">6,130</td> </tr> <tr> <td>Car park (1,860 lots)</td> <td style="text-align: right;">64,000</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>440,800</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area		sq m	Residential	367,500	Retail	3,170	Ancillary	6,130	Car park (1,860 lots)	64,000	<b>Total</b>	<b>440,800</b>		
Use	Approximate gross floor area																
	sq m																
Residential	367,500																
Retail	3,170																
Ancillary	6,130																
Car park (1,860 lots)	64,000																
<b>Total</b>	<b>440,800</b>																
	As advised by the Group, the proposed development is scheduled to be completed in 2018.  The property is held with land use rights for a term of 70 years for residential use from 12 October 2007.																

*Notes:*

1. According to State-owned Land Use Rights Certificate No. 182 dated 25 December 2007, the land use rights of the property, comprising a total site area of 255,529.6 sq m, have been vested in Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) for a term of 70 years for residential use from 12 October 2007.
2. According to Grant Contract of State-owned Land Use Rights No. 045 entered into between Bureau of Planning and Land Resources of Baodi District, Tianjin Municipality (the Grantor) and Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 255,529.61 sq m to the Grantee with the details as follows:
  - (i) Location : east of Baobai Road, Dabaizhuang Town, Baodi District
  - (ii) Lot No. : Jinbao(gua)2007-10
  - (iii) Site area : 255,529.61 sq m
  - (iv) Uses : Residential
  - (v) Land use term : 70 years for residential use from the date the contract
  - (vi) Land premium : RMB144,000,000
  - (vii) Plot ratio : not exceeding 2.1



3. According to Business License No. 120224000001132 dated 16 September, Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) has been established as a limited company on 24 July 2007 with a registered capital of RMB60,000,000.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) is the sole legal land user of the property;
  - (iii) The property is subject to a mortgage in favour of Dongli Branch of China Construction Bank;
  - (iv) Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate . . . . .       | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Business License . . . . .                              | Yes |

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
39. Development site for the proposed development known as Phase 1B of Chongqing Jingrui Royal Bay, Beibei District, Chongqing, the PRC  中國重慶市北碚區 重慶景瑞•御藍灣一期B區 待建項目土地	The property comprises a parcel of land with a total site area of approximately 23,948 sq m. for the proposed development known as Phase 1B of Chongqing Jingrui Royal Bay.  The details of the planned gross floor area of the proposed development are as follows:	As at the date of valuation, the property was land.	RMB118,000,000  (100% interest attributable to the Group: RMB118,000,000)												
	<table border="1"> <thead> <tr> <th style="text-align: center;">Use</th> <th style="text-align: center;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">54,350.32</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">2,611.33</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">75.40</td> </tr> <tr> <td>Car park (998 lots)</td> <td style="text-align: right;">24,447.58</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>81,484.63</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	54,350.32	Retail	2,611.33	Ancillary	75.40	Car park (998 lots)	24,447.58	<b>Total</b>	<b>81,484.63</b>		
Use	Approximate gross floor area sq m														
Residential	54,350.32														
Retail	2,611.33														
Ancillary	75.40														
Car park (998 lots)	24,447.58														
<b>Total</b>	<b>81,484.63</b>														
	As advised by the Group, the proposed development is scheduled to be completed in 2014.														
	The property is held with land use rights for terms due to expire on 28 February 2063 for residential use and 28 February 2053 for commercial use.														

*Notes:*

1. According to State-owned Land Use Rights Certificate No. 2013-00366 dated 20 August 2013, the land use rights of the land, comprising a total site area of 23,948 sq m, have been vested in Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) for terms due to expire on 28 February 2063 for residential use and 28 February 2053 for commercial use.
2. According to Grant Contract of State-owned Land Use Rights No. 2012353 entered into between Bureau of Land Resources and Housing Management of Chongqing Municipality (the Grantor) and Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 65,467 sq m to the Grantee with the details as follows:
  - (i) Location : Beibei District
  - (ii) Lot No. : B43-1-1/03,B44-2/06
  - (iii) Site area : 65,467 sq m
  - (iv) Uses : Residential/Commercial
  - (v) Land use term : 50 years for residential use and 40 years for commercial use from 28 February 2013
  - (vi) Land premium : RMB197,370,000
3. According to Planning Permit for Construction Use of Land No.500109201300035 issued by Planning Bureau of Chongqing Municipality on 8 August 2013, the property on the land parcel with a total site area of 65,467 sq m, is in compliance with the urban planning requirements and has been approved.

4. According to Planning Permit for Construction Works No.500109201300058 issued by Planning Bureau of Chongqing Municipality, the construction works of the property with a total planned gross floor area of 81,484.63 sq m, is in compliance with the urban planning requirements and has been approved.
5. According to Business License No. 500109000044885 dated 29 January 2013, Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) has been established as a limited company on 6 December 2012 with a registered capital of RMB100,000,000.
6. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) is the sole legal land user of the property;
  - (iii) Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights of the property; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
7. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Planning Permit for Construction Use of Land. . . . .	Yes
Planning Permit for Construction Works . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>										
40. Development site for the proposed development known as Phase 3 of Zhoushan Jingrui HOPSCA, Putuo District, Zhoushan, Zhejiang Province, the PRC  中國浙江省舟山市普陀區 舟山景瑞•豪布斯卡三期 待建項目土地	The property comprises a parcel of land with site area of approximately 34,185 sq.m. for the proposed development known as Phase 3 of Zhoushan Jingrui HOPSCA.  The details of the planned gross floor area of the proposed development are as follows:  <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u> <u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">57,413.36</td> </tr> <tr> <td>Car park (184 lots)</td> <td style="text-align: right;">6,176.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">70.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>63,659.36</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>	Residential	57,413.36	Car park (184 lots)	6,176.00	Ancillary	70.00	<b>Total</b>	<b>63,659.36</b>	As at the date of valuation, the property was land.	RMB222,000,000  (100% interest attributable to the Group: RMB222,000,000)
<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>												
Residential	57,413.36												
Car park (184 lots)	6,176.00												
Ancillary	70.00												
<b>Total</b>	<b>63,659.36</b>												
	As advised by the Group, the proposed development is scheduled to be completed in 2016.												
	The property is held with land use rights for a term due to expire on 9 October 2077 for residential use.												

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2009)07790 issued by Zhoushan Land Administrative Bureau on 29 October 2010, the land use rights of the property having a site area of 34,185 sq m have been vested in Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) for a term due to expire on 9 October 2077 for residential use.
2. According to Grant Contract of State-owned Land Use Rights No. (2007)171 entered into between Bureau of Land Resources and Housing Management of Zhoushan Municipality (the Grantor) and Shanghai Jingrui Properties (Group) Co., Ltd (上海景瑞地產(集團)股份有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 47,206 sq m to the Grantee with the details as follows:
  - (i) Location : Site D02-01-2 Lujiazhi Island
  - (ii) Site area : 47,206 sq m
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years for residential use
  - (v) Land premium : RMB55,750,286
  - (vi) Plot ratio : not exceeding 1.34
3. According to Business License No. 330903000025110 dated 20 April 2012, Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) has been established on 16 February 2006 as a limited company with a registered capital of RMB50,000,000 and an operating period from 16 February 2006 to 15 January 2016.

4. We have been provided with a legal opinion on the property prepared by the Group’s PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) is the sole legal land user of the property;
  - (iii) Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights of the property; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
41. Development site for the proposed development known as Portion of Phase 3 of Shanghai Fengxiang Project, located at 2/3 Qiu, 38 JieFang, Qingpu Town, Qingpu District, Shanghai, the PRC	The property comprises a parcel of land with a site area of approximately 12,261.03 sq m. for the proposed development known as Fengxiang Project  The details of the planned gross floor area of the proposed development are as follows:	As at the date of valuation, the property was bare land.	RMB307,000,000  (80% interest attributable to the Group: RMB245,600,000)
	<b>Use</b>	<b>Approximate gross floor area</b>	
		<b>sq m</b>	
中國上海市青浦區 青浦鎮38街坊2/3丘 上海鳳翔項目三期部份 待建項目土地	Residential	20,598.53	
	Office	4,904.41	
	Retail	6,130.52	
	<b>Total</b>	<b>31,633.46</b>	
	As advised by the Group, the proposed development is scheduled to be completed in 2015.		
	The property is held with land use rights for terms due to expire on 4 July 2053 for composite use.		

Notes:

1. According to Shanghai Certificate of Real Estate Ownership No. (2004) 013235 issued by Bureau of Land Resources and Housing Management of Shanghai Municipality on 23 November 2004, the land use rights of the property with a site area of 38,291.80 sq m for a term of 50 years commencing on 5 July 2003 for composite use, have been vested in Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司).

As advised by the Group, the land of the Fengxiang Project with a total site area of 12,261.03 sq m is part of the said total site area.

2. According to Contract for Grant of State-owned Land Use Rights No. QFD(2003)95 entered into between Housing and State-owned Land Resources Bureau of Qingpu District Shanghai and Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) on 5 July 2003, the land use rights of the property have been granted to Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) with details as follows:

- |                    |   |                                    |
|--------------------|---|------------------------------------|
| (i) Location       | : | Land lot No. (2003)84, Qingpu Town |
| (ii) Site area     | : | 71,463 sq m                        |
| (iii) Uses         | : | Residential                        |
| (iv) Land use term | : | 70 years                           |
| (v) Land premium   | : | RMB7,146,300                       |
| (vi) Plot ratio    | : | 1.30                               |

According to Contract for Grant of State-owned Land Use Rights No. QFD(2003)188 entered into between Housing and State-owned Land Resources Bureau of Qingpu District Shanghai and Shanghai Kangcheng Property Co., Ltd (上海康城置業有限公司) on 18 October 2003, the land use rights of the property have been granted to Shanghai Kangcheng Property Co., Ltd (上海康城置業有限公司) with details as follows:

- (i) Location : Land lot No. (2003)173, Qingpu Town
- (ii) Site area : 8,481 sq m
- (iii) Uses : Residential
- (iv) Land use term : 70 years
- (v) Land premium : RMB848,100
- (vi) Plot ratio : N/A

According to Supplementary Agreement of Grant Contract of State-owned Land Use Rights dated 15 October 2004, the Grantee has been changed from Shanghai Kangcheng Property Co., Ltd (上海康城置業有限公司) (Grantee) to Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司).

According to Supplementary Agreement of Grant Contract of State-owned Land Use Rights dated 15 October 2004, the condition of Planning of the said contract changed as follows:

- (i) Site area : 38,292 sq m (portion)
- (ii) Uses : composite
- (iii) Land use term : 50 years

3. According to Business License No. 310229000379455 dated 26 August 2013, Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) was established on 23 June 1998 as a limited company with a registered capital of RMB100,000,000 for an operating period from 23 June 1998 to 22 June 2018.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

- (i) The Shanghai Certificate of Real Estate Ownership of the property is valid, legal and enforceable under the PRC laws;
- (ii) Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) is the sole legal land user of the property;
- (iii) Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
- (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Shanghai Certificate of Real Estate Ownership . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Supplementary Agreements of Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>
42. Development site for the proposed development known as Phase 2 of Shaoxing Jingrui The Mansion, Yuecheng District, Shaoxing, Zhejiang, the PRC	The property comprises a bare land with site area of approximately 110,492 sq m. for the proposed development known as Phase 2 of Shaoxing Jingrui The Mansion.  Upon completion, the proposed development will be a residential development with retail and ancillary facilities.	As at the date of valuation, the property was bare land.	RMB76,000,000  (100% interest attributable to the Group: RMB76,000,000)

中國浙江省紹興市越城區  
紹興景瑞•上府二期  
待建項目土地

The details of the planned gross floor area of the proposed development are as follows:

<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>
Residential	52,856.00
Ancillary	1,270.00
Car park (294 lots)	12,770.00
<b>Total</b>	<b>66,896.00</b>

As advised by the Group, the proposed development is scheduled to be completed in 2015.

The property is held with land use rights for a term due to expire on 28 December 2082 for residential use, 28 December 2052 for commercial use.

*Notes:*

- According to a State-owned Land Use Rights Certificate issued by Shaoxing District Municipal Government, the land use rights of the property, comprising a total site area of approximately 110,492 sq m, have been vested in Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) with details as follows:

<u>Certificate No.</u>	<u>Date of issue</u>	<u>Use</u>	<u>Expiry date of land use term</u>	<u>Site area</u> <u>sq m</u>
(2013) 15354 . . . . .	22 July 2013	Residential/ Commercial	Residential: 28 December 2082 Commercial: 28 December 2052	110,492
<b>Total</b> . . . . .				<b>110,492</b>



2. According to Grant Contract of State-owned Land Use Rights No. 3306022012A21070 entered into between State-owned Land Resources Bureau of Shaoxing (the Grantor) and Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) (the Grantee) on 28 December 2012, the land use rights of the property have been granted to the Grantee with details as follows:
- (i) Location : west of Lifeng Road, north of Yuming Road, east of Lvyun Road, south of Planning Road
  - (ii) Site area : 110,492 sq m
  - (iii) Uses : Residential and commercial
  - (iv) Land use term : 70 years for residential use and 40 years for commercial use
  - (v) Land premium : RMB375,000,000
  - (vi) Plot ratio : not exceeding 1.40
3. According to Business License No. 330600000158607 dated 21 February 2013, Shaoxing Jinghu Property Co., Ltd (紹興景湖置業有限公司) was established on 25 January 2013 as a limited company with a registered capital of RMB100,000,000 for an operating period from 25 January 2013 to 31 December 2022.
4. We have been provided with a legal opinion on the property prepared by the Group's legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) is the sole legal land user of the property;
  - (iii) Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司) has the right to freely use, occupy, lease, transfer, mortgage and dispose of the land use rights of the property; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled;
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate . . . . .       | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Business License . . . . .                              | Yes |

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
43. Development site for the proposed development known as Yangzhou Jingrui Dignity Mansion, west of Xinsheng Road, south of Yanshan River, east of Northwest Ring Expressway, Yangzhou, Jiangsu Province, the PRC  中國江蘇省揚州市新盛路以西、沿山河以南、西北繞城公路以東揚州景瑞•望府待建項目土地	<p>The property comprises a parcel of bare land with site area of approximately 73,295 sq m for the proposed development known as Yangzhou Jingrui Dignity Mansion.</p> <p>Upon completion, the proposed development will be a residential development with retail and ancillary facilities.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">164,679.00</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">3,200.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,000.00</td> </tr> <tr> <td>Car park (1,159 lots)</td> <td style="text-align: right; border-top: 1px solid black;">42,888.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 3px double black; border-bottom: 3px double black;"><b>212,767.00</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	164,679.00	Retail	3,200.00	Ancillary	2,000.00	Car park (1,159 lots)	42,888.00	<b>Total</b>	<b>212,767.00</b>	<p>As at the date of valuation, the property was bare land.</p>	<p>RMB505,000,000</p> <p style="text-align: center;">(100% interest attributable to the Group: RMB505,000,000)</p>
Use	Approximate gross floor area sq m														
Residential	164,679.00														
Retail	3,200.00														
Ancillary	2,000.00														
Car park (1,159 lots)	42,888.00														
<b>Total</b>	<b>212,767.00</b>														
	<p>As advised by the Group, the proposed development is scheduled to be completed in 2015.</p> <p>The property is held with land use rights for a term due to expire on 14 September 2083 for residential use.</p>														

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2013) 2013147 issued by Bureau of Land Resources of Yangzhou Municipal Hanjiang Branch on 29 August 2013, the land use rights of the property having a site area of 73,295 sq m have been vested in Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司) for a term due to expire on 14 September 2083 for residential use.
2. According to Grant Contract of State-owned Land Use Rights No. 3210012013CR0014 entered into between Yangzhou Land Resources of Bureau (the Grantor) and Shanghai Jingrui Investment Co., Ltd & Shanghai Jingji Investment Co., Ltd. (上海景瑞投資有限公司、上海景吉投資有限公司) (the Grantee), on 13 March 2013 the Grantor has agreed to grant the land use rights of the property having a site area of 73,295.00 sq m to the Grantee with the details as follows:
 

(i) Location	:	west of Xinsheng Road, south of Yanshan River, east of Northwest Ring Expressway
(ii) Site area	:	73,295 sq m
(iii) Uses	:	residential
(iv) Land use term	:	70 years for residential use
(v) Land premium	:	RMB 401,656,600
(vi) Plot ratio	:	No more than 2.2
3. According to Business License No. 321011000062247, Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司) was established on 8 April 2013 as a limited company with a registered capital of RMB100,000,000.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司) is the sole legal land user of the property;
  - (iii) Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |   |     |
|---|-----|
| State-owned Land Use Rights Certificate . . . . .       | Yes |
| Grant Contract of State-owned Land Use Rights . . . . . | Yes |
| Business License . . . . .                              | Yes |

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
44. Development site for the proposed development known as Hangzhou Jingrui Royal Bay, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中國浙江省杭州市余杭區 杭州景瑞·御藍灣 待建項目土地	<p>The property comprises a parcel of bare land with site area of approximately 68,342 sq m for the proposed development known as Hangzhou Jingrui Royal Bay.</p> <p>Upon completion, the proposed development will be a residential development with retail and ancillary facilities.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Use</th> <th style="text-align: center;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">147,385.38</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">8,807.94</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">1,919.20</td> </tr> <tr> <td>Car park (956 lots)</td> <td style="text-align: right;">47,859.48</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>205,972.00</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	147,385.38	Retail	8,807.94	Ancillary	1,919.20	Car park (956 lots)	47,859.48	<b>Total</b>	<b>205,972.00</b>	<p>As at the date of valuation, the property was bare land.</p>	<p style="text-align: right;">RMB589,000,000</p> <p style="text-align: right;">(100% interest attributable to the Group: RMB589,000,000)</p>
Use	Approximate gross floor area sq m														
Residential	147,385.38														
Retail	8,807.94														
Ancillary	1,919.20														
Car park (956 lots)	47,859.48														
<b>Total</b>	<b>205,972.00</b>														
	<p>As advised by the Group, the proposed development is scheduled to be completed in 2015.</p> <p>The property is held with land use rights for a term of 70 years for residential use commencing from 14 August 2013.</p>														

*Notes:*

1. According to State-owned Land Use Rights Certificate No. (2013) 116-697 dated 16 August 2013 issued by Hangzhou Land Resources Bureau, the land use rights of the property comprising a total site area of 68,341.8 sq m have been granted to Hangzhou Jingyue Property Co., Ltd (杭州景越置業有限公司) for a term due to expire on 13 August 2083 for residential use.
2. According to Grant Contract of State-owned Land Use Rights No. 3301102013A21062 entered into between Bureau of Land Resources of Hangzhou Municipal Yuhang Branch (the Grantor) and Jingrui Properties (Group) Co., Ltd. & Shanghai Jingbo Investment Co., Ltd. (景瑞地產(集團)股份有限公司、上海景博投資有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 68,342 sq m to the Grantee with the details as follows:
 

(i) Location	:	A site on the north side of Province Road No. 2, Yuhang Street
(ii) Lot No.	:	YZCC(2012)74
(iii) Site area	:	68,342 sq m
(iv) Uses	:	Residential and commercial
(v) Land use term	:	70 years for residential use and 40 years for commercial
(vi) Land premium	:	RMB 299,000,000
(vii) Plot ratio	:	No more than 2.3

According to Contract for Grant of State-owned Land Use Rights Supplemental Agreement entered into between Jingrui Properties (Group) Co., Ltd. & Shanghai Jingbo Investment Co., Ltd. (景瑞地產(集團)股份有限公司、上海景博投資有限公司) (Party A) and Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司) (Party B) dated 11 March 2013, Party A has transferred the State-owned Land Use Rights of a parcel of land with a site area of 68,342 sq m to Party B.

3. According to Business License No. 330184000230460 dated 14 March 2013, Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司) was established as a limited company on 1 March 2013 with a registered capital of RMB100,000,000.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;
  - (ii) Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司) is the sole legal land user of the property;
  - (iii) Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司) has the right to freely lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and
  - (iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

State-owned Land Use Rights Certificate . . . . .	Yes
Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

## Group V – Properties contracted to be acquired by the Group in the PRC

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
<p>45. Land contracted to be acquired for the proposed development known as Nantong Jingrui Nobility Mansion, east of Haixing Road, south of Beijing Road, north of Jinan Road, Haimen, Jiangsu Province, the PRC</p> <p>中國江蘇省海門市海興路以東、北京路以南、濟南路以北、南通景瑞·御江山已簽約購買土地</p>	<p>The property is bare land with site area of approximately 67,749 sq m. for the proposed development known as Nantong Jingrui Nobility Mansion.</p> <p>Upon completion, the proposed development will be a residential development with retail and ancillary facilities.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>High-rise apartment</td> <td style="text-align: right;">138,275.00</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">7,599.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,416.00</td> </tr> <tr> <td>Car park (600 lots)</td> <td style="text-align: right;">30,259.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>178,549.00</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	High-rise apartment	138,275.00	Retail	7,599.00	Ancillary	2,416.00	Car park (600 lots)	30,259.00	<b>Total</b>	<b>178,549.00</b>	<p>As at the date of valuation, the property was bare land.</p>	<p>No Commercial Value (See Note 1 below)</p>
Use	Approximate gross floor area sq m														
High-rise apartment	138,275.00														
Retail	7,599.00														
Ancillary	2,416.00														
Car park (600 lots)	30,259.00														
<b>Total</b>	<b>178,549.00</b>														
	<p>As advised by the Group, the proposed development is scheduled to be completed in 2015.</p> <p>The property is held with land use rights for a term of 70 years for residential use, 50 years for ancillary use and 40 years for commercial use.</p>														

*Notes:*

1. In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate the market value of the property in its existing state as at 31 August 2013 would be RMB302,000,000 (100.00% interest attributable to the Group: RMB302,000,000).
2. According to Grant Contract of State-owned Land Use Rights No. 3206842013CR0041 entered into between Haimen Land Resources Bureau (the Grantor) and Shanghai Ruijun Investment Co., Ltd & Shanghai Ruicen Investment Co., Ltd. (上海瑞峻投資有限公司、上海瑞岑投資有限公司) (the Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 67,749.00 sq m to the Grantee with the details as follows:
  - (i) Location : south of Beijing Road, east of Haixing Road, north of Jinan Road
  - (ii) Site area : 67,749 sq m
  - (iii) Uses : Residential, Ancillary, Commercial
  - (iv) Land use term : 70 years for residential use; 50 years for ancillary use; 40 years for commercial use
  - (v) Land premium : RMB301,483,050
  - (vi) Plot ratio : No more than 2.1

3. According to Business License No. 321011000062247, Nantong Jingshang Property Co., Ltd. (南通景尚置業有限公司) was established on 2 July 2013 as a limited company with a registered capital of RMB100,000,000.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The Grant Contract of State-owned Land Use Rights of the property is valid, legal and enforceable under the PRC laws; and
  - (ii) After all land premium stated in the Grant Contract of Stated-owned Land Use Rights have been paid and settled, Nantong Jingshang Property Co., Ltd. (南通景尚置業有限公司) can obtain the State-owned Land Use Rights Certificate of the property.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>																
46. Land contracted to be acquired for the proposed development known as portion of Phase 3 of Shanghai Fengxiang Project, located at 2/3 Qiu, 38 JieFang, Qingpu Town, Qingpu District, Shanghai, the PRC	<p>The property is bare land with site area of approximately 41,652.20 sq m for the proposed development known as Fengxiang Project.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u></th> </tr> <tr> <td></td> <td style="text-align: right;"><u>sq m</u></td> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">72,549.09</td> </tr> <tr> <td>Office</td> <td style="text-align: right;">16,660.88</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">20,826.10</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">1,010.00</td> </tr> <tr> <td>Car park (1,078 lots)</td> <td style="text-align: right;">40,958.75</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>152,004.82</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u>		<u>sq m</u>	Residential	72,549.09	Office	16,660.88	Retail	20,826.10	Ancillary	1,010.00	Car park (1,078 lots)	40,958.75	<b>Total</b>	<b>152,004.82</b>	As at the date of valuation, the property was bare land.	No Commercial Value (See Note 1 below)
<u>Use</u>	<u>Approximate gross floor area</u>																		
	<u>sq m</u>																		
Residential	72,549.09																		
Office	16,660.88																		
Retail	20,826.10																		
Ancillary	1,010.00																		
Car park (1,078 lots)	40,958.75																		
<b>Total</b>	<b>152,004.82</b>																		
中國上海市青浦區 青浦鎮38街坊2/3丘 上海鳳翔項目三期部份 已簽約購買土地	<p>As advised by the Group, the proposed development is scheduled to be completed in 2015.</p> <p>The property is held with land use rights for a term of 50 years for composite use.</p>																		

*Notes:*

1. In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at 31 August 2013 would be RMB1,035,000,000 (80.00% interest attributable to the Group: RMB828,000,000).
2. According to Contract for Grant of State-owned Land Use Rights No. QFD(2003)95 entered into between Housing and State-owned Land Resources Bureau of Qingpu District Shanghai and Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) on 5 July 2003, the land use rights of the property have been granted to Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) with details as follows:
  - (i) Location : Land lot No. (2003)84, Qingpu Town
  - (ii) Site area : 71,463 sq m
  - (iii) Uses : Residential
  - (iv) Land use term : 70 years
  - (v) Land premium : RMB7,146,300
  - (vi) Plot ratio : 1.30



According to Contract for Grant of State-owned Land Use Rights No. QFD(2003)188 entered into between Housing and State-owned Land Resources Bureau of Qingpu District Shanghai and Shanghai Kangcheng Property Co., Ltd (上海康城置業有限公司) on 18 October 2003, the land use rights of the property have been granted to Shanghai Kangcheng Property Co., Ltd (上海康城置業有限公司) with details as follows:

- (i) Location : Land lot No. (2003)173, Qingpu Town
- (ii) Site area : 8,481 sq m
- (iii) Uses : Residential
- (iv) Land use term : 70 years
- (v) Land premium : RMB848,100
- (vi) Plot ratio : N/A

According to Supplementary Agreement of Grant Contract of State-owned Land Use Rights dated 15 October 2004, the Grantee has been changed from Shanghai Kangcheng Property Co., Ltd (上海康城置業有限公司) to Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司).

According to Supplementary Agreement of Grant Contract of State-owned Land Use Rights dated 15 October 2004, the planning condition of the said contract changed as follows:

- (i) Site area : 38,292 sq m (portion)
- (ii) Uses : composite
- (iii) Land use term : 50 years

As advised by the Group, the land of the Fengxiang Project with a total site area of 41,652.20 sq m is part of the above total site area.

3. According to Business License No. 310229000379455 dated 26 August 2013, Shanghai Fengxiang Property Development Co., Ltd (上海鳳翔房地產開發有限公司) was established on 23 June 1998 as a limited company with a registered capital of RMB100,000,000 for an operating period from 23 June 1998 to 22 June 2018.
4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
  - (i) The Grant Contract of State-owned Land Use Rights of the property is valid, legal and enforceable under the PRC laws;
  - (ii) After all land premium stated in the Grant Contract of Stated-owned Land Use Rights have been paid and settled, Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) can obtain the State-owned Land Use Rights Certificate of the property.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Grant Contract of State-owned Land Use Rights . . . . .	Yes
Supplementary Agreement of Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013														
47. Land contracted to be acquired for the proposed development known as Shaoxing Jingrui Nobility Mansion, Zhuji, Zhejiang Province, the PRC  中國浙江省諸暨市紹興景瑞•御江山已簽約購買土地	<p>The property comprises a parcel of bare land with site area of approximately 73,992 sq m for the proposed development known as Shaoxing Jingrui Nobility Mansion.</p> <p>Upon completion, the proposed development will be a residential development with retail and ancillary facilities.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">157,142.95</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">13,366.07</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,725.49</td> </tr> <tr> <td>Kindergarten</td> <td style="text-align: right;">3,520.00</td> </tr> <tr> <td>Car park (906 lots)</td> <td style="text-align: right;">25,569.10</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>202,323.61</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	157,142.95	Retail	13,366.07	Ancillary	2,725.49	Kindergarten	3,520.00	Car park (906 lots)	25,569.10	<b>Total</b>	<b>202,323.61</b>	<p>As at the date of valuation, the property was bare land.</p>	<p>No Commercial Value (See Note 1 below)</p>
Use	Approximate gross floor area sq m																
Residential	157,142.95																
Retail	13,366.07																
Ancillary	2,725.49																
Kindergarten	3,520.00																
Car park (906 lots)	25,569.10																
<b>Total</b>	<b>202,323.61</b>																
	<p>As advised by the Group, the proposed development is scheduled to be completed in 2016.</p> <p>The property is held with land use rights for terms of 70 years for residential use and 40 years for commercial use from 16 July 2013.</p>																

*Notes:*

1. In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at 31 August 2013 would be RMB301,000,000 (100.00% interest attributable to the Group: RMB301,000,000).
2. According to Grant Contract of State-owned Land Use Rights entered into between State-owned Land Resources Bureau of Zhuji (the Grantor) and Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司) (the Grantee) on 16 July 2013, the land use rights of the property have been granted to Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司) with details as follows:
  - (i) Location : west of Wenzhong South Road, north of Chengshan Road, east of Baoli Road, south of Jianmin Road
  - (ii) Site area : 37,913.6 sq m
  - (iii) Uses : Residential and commercial
  - (iv) Land use term : 70 years for residential use and 40 years for commercial use
  - (v) Land premium : RMB145,650,000
  - (vi) Plot ratio : not exceeding 2.30

3. According to Grant Contract of State-owned Land Use Rights entered into between State-owned Land Resources Bureau of Zhuji (the Grantor) and Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司) (the Grantee) on 16 July 2013, the land use rights of the property have been granted to Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司) with details as follows:
- (i) Location : west of Wenzhong South Road, north of Chengshan Road, east of Baoli Road, South of Jianmin Road
  - (ii) Site area : 36,078.4 sq m
  - (iii) Uses : Residential and commercial
  - (iv) Land use term : 70 years for residential use and 40 years for commercial use
  - (v) Land premium : RMB138,590,000
  - (vi) Plot ratio : not exceeding 2.30
4. According to Business License No. 330600000158607 dated 5 July 2013, Zhuji Jingrui Property Co., Ltd (諸暨景瑞置業有限公司) has been established on 19 June 2013 as a limited company with a registered capital of RMB100,000,000 and an operating period from 19 June 2013 to 18 June 2023.
5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Grant Contracts of State-owned Land Use Rights of the property are valid, legal and enforceable under the PRC laws; and
  - (ii) After all land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled, Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司) can obtain the State-owned Land Use Rights Certificate of the property.
6. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:
- |  |     |
|--|-----|
| Grant Contracts of State-owned Land Use Rights . . . . . | Yes |
| Business License . . . . .                               | Yes |

Property	Description and Tenure	Particular of Occupancy	Market value in existing state as at 31 August 2013												
48. Land contracted to be acquired for the proposed development known as Hangzhou Liangshu Project, Yuhang District, Hangzhou, Zhejiang Province, the PRC  中國浙江省杭州市 余杭區杭州良熟項目 已簽約購買土地	<p>The property comprises a parcel of bare land with site area of approximately 77,030 sq m for the proposed development known as Hangzhou Liangshu Project.</p> <p>Upon completion, the proposed development will be a residential development with residential, retail and ancillary facilities.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Approximate gross floor area sq m</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">152,936.00</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">5,150.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">2,878.00</td> </tr> <tr> <td>Car park (928 lots)</td> <td style="text-align: right;">30,260.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>191,244.00</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area sq m	Residential	152,936.00	Retail	5,150.00	Ancillary	2,878.00	Car park (928 lots)	30,260.00	<b>Total</b>	<b>191,244.00</b>	<p>As at the date of valuation, the property was bare land.</p>	<p>No Commercial Value (See Note 1 below)</p>
Use	Approximate gross floor area sq m														
Residential	152,936.00														
Retail	5,150.00														
Ancillary	2,878.00														
Car park (928 lots)	30,260.00														
<b>Total</b>	<b>191,244.00</b>														
	<p>As advised by the Group, the development is scheduled to be completed in 2015.</p> <p>The property is held with land use rights for terms of 70 years for residential use and 40 years for commercial use.</p>														

*Notes:*

1. In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at 31 August 2013 would be RMB553,000,000 (100.00% interest attributable to the Group: RMB553,000,000).
2. According to Grant Contract of State-owned Land Use Rights No. 3301102013A21108 entered into between State-owned Land Resources Bureau of Hangzhou Yuhang (the Grantor) and Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司) (the Grantee) on 11 August 2013, the land use rights of the property have been granted the Grantee with details as follows:
  - (i) Location : west of Tinglan Road, north of Planning branch, east of Beisha Bay, south of Shiji Avenue
  - (ii) Site area : 77,030.00 sq m
  - (iii) Uses : Residential and commercial
  - (iv) Land use term : 70 years for residential use and 40 years for commercial use
  - (v) Land premium : RMB520,930,000
  - (vi) Plot ratio : not exceeding 2.00
3. According to Business License No. 330184000256074 dated 14 August 2013, Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司) has been established on 14 August 2013 as a limited company with a registered capital of RMB20,000,000 and an operating period from 14 August 2013 to 13 August 2023.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:
- (i) The Grant Contract of State-owned Land Use Rights of the property is valid, legal and enforceable under the PRC laws; and
  - (ii) After all land premium stated in the Grant Contract of State-owned Land have been paid and settled, Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司) can obtain the State-owned Land Use Rights Certificate of the property.
5. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Grant Contract of State-owned Land Use Rights . . . . .	Yes
Business License . . . . .	Yes

<u>Property</u>	<u>Description and Tenure</u>	<u>Particular of Occupancy</u>	<u>Market value in existing state as at 31 August 2013</u>												
49. Land contracted to be acquired for the proposed development known as Suzhou Wuzhong Project, east of Longxiang Road, north of Wenxi Road, Wuzhong Economic Development Area, Suzhou, Jiangsu Province, the PRC  中國江蘇省蘇州市吳中經濟開發區龍翔路東側、文溪路北側蘇州吳中項目已簽約購買土地	<p>The property is bare land with site area of approximately 108,656.70 sq m. for the proposed development known as Suzhou Wuzhong Project.</p> <p>Upon completion, the proposed development will be a residential development with retail and ancillary facilities.</p> <p>The details of the planned gross floor area of the proposed development are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;"><u>Use</u></th> <th style="text-align: right;"><u>Approximate gross floor area</u> <u>sq m</u></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">202,118.00</td> </tr> <tr> <td>Retail</td> <td style="text-align: right;">1,442.00</td> </tr> <tr> <td>Ancillary</td> <td style="text-align: right;">3,630.00</td> </tr> <tr> <td>Car park (1,844 lots)</td> <td style="text-align: right;">41,574.00</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>248,764.00</b></td> </tr> </tbody> </table>	<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>	Residential	202,118.00	Retail	1,442.00	Ancillary	3,630.00	Car park (1,844 lots)	41,574.00	<b>Total</b>	<b>248,764.00</b>	As at the date of valuation, the property was bare land.	No Commercial Value (See Note 1 below)
<u>Use</u>	<u>Approximate gross floor area</u> <u>sq m</u>														
Residential	202,118.00														
Retail	1,442.00														
Ancillary	3,630.00														
Car park (1,844 lots)	41,574.00														
<b>Total</b>	<b>248,764.00</b>														
	<p>As advised by the Group, the proposed development is scheduled to be completed in 2016.</p> <p>The property is held with land use rights for a term of 70 years for residential use, 50 years for ancillary use and 40 years for commercial use.</p>														

Notes:

1. In the course of our valuation, we have ascribed no commercial value to the property as the State-owned Land Use Rights Certificate has not been obtained. Had the Group obtained a valid State-owned Land Use Rights Certificate, the market value of the property in its existing state as at 31 August 2013 would be RMB1,230,000,000 (100.00% interest attributable to the Group: RMB1,230,000,000).
2. According to confirmation letter entered into between Suzhou Land Resources Bureau (the Grantor) and Shanghai Jingrui Investment Co., Ltd & Shanghai Jiajie Investment Co., Ltd. (上海景瑞投資有限公司、上海佳捷投資有限公司) (Grantee), the Grantor has agreed to grant the land use rights of the property having a site area of 108,656.70 sq m to the Grantee with the details as follows:
  - (i) Location : east of Longxiang Road, north of Wenxi Road
  - (ii) Site area : 108,656.70 sq m
  - (iii) Uses : Residential, Ancillary, Commercial
  - (iv) Land use term : 70 years for residential use; 50 years for ancillary use; 40 years for commercial use
  - (v) Land premium : RMB1,230,000,000
  - (vi) Plot ratio : No more than 1.8

- 3. We have been provided with a legal opinion on the property prepared by the Group’s PRC legal adviser, which contains, inter alia, the following information:
  - (i) The confirmation letter to acquire the State-owned Land Use Rights of a parcel of land is valid, legal and enforceable under the PRC laws; and
  - (ii) After all land premium stated in the Grant Contract of Stated-owned Land Use Rights have been paid and settled, the Group can obtain the State-owned Land Use Rights Certificate of the property.
  
- 4. The status of the title and grant of major approvals and licenses in accordance with the information provided to us by the Group are as follows:

Confirmation letter to acquire the State-owned Land Use Rights of a parcel of land. . . . . Yes  
Business License . . . . . Yes

Set out below is a summary of certain aspects of PRC legal and regulatory provisions relating to our operations and business. These include laws and regulations relating to land, real estate development, real estate management, foreign investment enterprises, taxation, intellectual property and environment.

#### ESTABLISHMENT OF A PROPERTY DEVELOPMENT ENTERPRISE

To engage in the development and operation of each single real estate project in the PRC, it is necessary to establish an independent property development enterprise at the place where the project located. According to the Regulations on Administration of Development of Urban Property (城市房地產開發經營管理條例) (the “Development Regulations”) promulgated by the State Council on July 20, 1998, an enterprise which is to engage in development of property shall satisfy the following requirements: (1) its minimum registered capital shall be RMB1 million; and (2) it shall employ at least four full-time professional property/construction technicians and at least two full-time accounting officers, each of whom shall hold relevant qualification certificates. The Development Regulations also stipulate 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 amount of registered capital of, and the qualifications of professionals retained by, property development enterprises.

The minimum registered capital required under the Development Regulation is only applicable to the legal establishment of property development companies. In recent years, the government has required much higher registered capital for issuing project development approvals to property development companies. As provided under the Notice on Adjusting the Minimum Capital Requirement for Fixed Assets Investment (關於調整固定資產投資項目資本金比例的通知) promulgated by the State Council on May 25, 2009, the minimum registered capital of a project company for developing affordable residential houses and regular commodity residential houses is required as 20% of its predicted total investment amount and for other property projects, the minimum requirement is 30%.

Where a foreign-invested enterprise is to be established to engage in property development, the relevant requirements under the laws and regulations regarding foreign-invested enterprises must also be observed and relevant approvals be obtained. Under the Foreign Investment Industrial Guidance Catalog (外商投資產業指導目錄) amended and promulgated on December 24, 2011 by MOFCOM and the National Development and Reform Commission (the “NDRC”), foreign investment in enterprises engaged in the development of tract of land, the construction and operation of high end hotels, premium office buildings and international conference centers, transactions in the real estate secondary market and real estate intermediary or broker services falls within the category of industries in which foreign investment is restricted, 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.

The category of industry provided by the “Foreign Investment Industrial Guidance Catalog” and the total investment amount determined based on the feasibility report, which reflects the assessment of the overall economic viability of the proposed project company, determine the levels of the approval authorities. In October 2004, NDRC promulgated the Interim Provisions on Approving Foreign Investment Projects (外商投資項目核准暫行管理辦法) to impose a cap of a total investment of US\$50 million on local approval for projects in the restricted category and a cap of a total investment of US\$100 million on local approval for projects in the encouraged or permitted category. On May 4, 2010, NDRC raised the cap of



total investment for projects in encouraged or permitted category from US\$100 million to US\$300 million. For those with a total investment exceeding US\$50 million in the restricted category and projects with a total investment exceeding US\$300 million in the encouraged and permitted category, the relevant approval authority shall submit the project documents to MOFCOM and NDRC for approval.

In 2006, the government has promulgated a series of regulations to raise the threshold for foreign investment into property development industry. On July 11, 2006, MOHURD, MOFCOM, the NDRC, the PBOC, the State Administration for Industry and Commerce and SAFE jointly promulgated the Opinion on Regulating the Access to and Management of Foreign Capital in the Property Market (關於規範房地產市場外資准入和管理的意見) (the “Opinion”). On August 14, 2006, MOFCOM promulgated the circular (the Circular on the Thorough Implementation of the Opinion on Regulating the Access to and Management of Foreign Capital in the Property Market 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) to enhance the implementation of the Opinion. On September 1, 2006, MOHURD and SAFE jointly issued another circular (the Circular on Regulating the Foreign Exchange Administration of the Real Estate Market 《關於規範房地產市場外匯管理有關問題的通知》) to illustrate SAFE administration measures for the implementation of the Opinion. These regulations provide that:

- Foreign entities or individuals intends to purchase real estate not for their own use in China must apply for the establishment of a foreign-invested enterprise pursuant to relevant regulations of foreign investment in real estate. Such purchase could only do through the established foreign-invested enterprise, to the extent that it is permitted according to the approved business scope of the foreign-invested enterprise.
- For any foreign-invested property development enterprise with approved total investment of US\$10 million or more, its registered capital required to be funded by shareholder(s) shall not be less than 50% of its total investment.
- Foreign-invested property development enterprises could only been issued one-year term interim approval certificate and business licenses, until they have fully paid land premium to the government according to relevant land grant contract and obtain corresponding land use right certificate of the granted land.
- For any foreign investor intends to acquire shares of any property developer in the PRC, it shall have sufficient self-owned fund and shall fully pay the total contract price in one lump sum; furthermore, satisfactory employee arrangement plan and consent from financial institutions having loans owed by the target company are also required for getting approval of such acquisition.
- Where the registered capital or the land premium has not been fully paid, or arrived capital fund has not reached 35% of the required total investment of its development project, such foreign-invested property development company will not be permitted to borrow money from overseas.
- On May 23, 2007, MOFCOM and SAFE promulgated the Notice on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investment in Real Estate Industry (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), which stipulates, among others, that: Foreign investment in high-end real estate should be strictly controlled;

- Only the foreign investor(s) having achieved land use rights or building ownership or having entered into land grant contract with government authorities will be approved for setting up new property development company in China;
- Acquisition or establishing of property development companies in PRC by domestic residents through offshore vehicle(s), the way so called “round-trip investment”, are strictly controlled and need to go through additional approval or filing procedure;
- Any guarantee to shareholders of foreign-invested developers in terms of pre-determined proceeds or similar investment return are not permitted and any constitutional legal documents of foreign-invested developer containing such provision will not get approved;
- Information of all foreign-invested developers approved by local governments is required to be filed with MOFCOM; and any foreign-invested developer failed to be filed with MOFCOM or pass annual inspection jointly conducted by government authorities will not be permitted to do foreign exchange of its capital.

On June 18, 2008, MOFCOM promulgated the Circular on the Proper Handling of the Record Filing for 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) to implement the information registration system of all foreign investments in real estate industry to convenient rigorous supervision of such investment.

In November 2010, MOFCOM promulgated the Notice on Strengthening Administration of the Approval and Registration of Foreign Investment in Real Estate Industry (關於加強外商投資房地產業審批備案管理的通知), which provides, among other things, that foreign-invested property development companies are prohibited to purchase real estate projects having been completed or under construction for speculation purpose.

## QUALIFICATIONS OF A PROPERTY DEVELOPMENT ENTERPRISE

### *Classifications for the qualifications of property development enterprises*

In accordance with the Provisions on Administration of Qualifications (《房地產開發企業資質管理規定》) promulgated and implemented by MOHURD on March 29, 2000, for each newly established property development enterprise, it shall make filing with the local construction authority within 30 days upon the issuance of its business license and, if qualified, will be issued a one year term interim qualification classification certificate. An enterprise may not engage in any development and sale of property without a qualification classification certificate. The term of such interim certificate can be extended up to two years on case by case basis. However, if no project has been started by the developer within the initial one year period, the term is not permitted to be extended.

Within 30 days before the expiration of the interim certificate, the developer shall apply with the authority to classify its qualification and issue a formal qualification classification certificate. In accordance with the Provisions on Administration of Qualifications, qualifications of a property development enterprise are classified into four classes, in consideration of the assets, professional

personnel and its capacity reflected by the projects it developed. The approval system is tiered and different classes of qualification shall be examined and approved by corresponding level of authorities subordinate to MOHURD. The class 1 qualifications shall be subject to both preliminary examination by the construction authority at provincial level and then final approval by the construction authority under the State Council. Procedures for approval of developers of class 2, 3 or 4 shall be formulated by the construction authority of provincial level. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the authority.

***The business scope of a property development enterprise***

According to the Provisions on Administration of Qualifications, a developer of any qualification classification may only engage in the development and sale of the property 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 developer may undertake property development projects throughout the country without any limit on the scale of the project. A developer of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scopes of business shall be formulated by the construction authority at provincial level.

***The annual inspection of a property development enterprise's qualification***

Pursuant to the Provisions on Administration of Qualifications, real estate development authorities perform annual inspection on qualified developers. Developers who fail to meet the qualification requirements or violate relevant rules may have their qualification classification certificates degraded or revoked.

**DEVELOPMENT OF A PROPERTY PROJECT**

***Land for property development***

All land in the PRC is either state-owned or collectively-owned, depending on the location of the land. According to the Land Administration Law of the People's Republic of China (中華人民共和國土地管理法) initially promulgated in 1986 and having its latest revision passed and promulgated in 2004, all land in urban areas of a city or town is state-owned, and all land in the rural areas and suburban areas and all farm land area, unless otherwise specified by law, collectively-owned. The State has the right to resume its ownership of land or the land use right in accordance with law if required for the public interest (and compensation must be paid by the state).

Although all land in the PRC is owned by the State or by collectives, individuals and entities may obtain land use rights and hold such land use rights for development purpose. Individuals and entities may acquire land use rights in different ways, the two most important being land use right grants from local authorities and land use right transfers from land users who have already obtained land use rights.

Under the Provisional Regulations of the People's Republic of China on the 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 May 19, 1990, a system of grant and transfer of the right to use state-owned land is adopted. Under this system, the State retains the ultimate ownership of the land. However, the right to use the land, referred to as land use rights, can be granted by the state and local government at or above county level for a maximum period of 70 years for specific purpose pursuant to a land grant contract and upon payment to the State of a premium for the grant of land use rights.

The Provisional Regulations on Grant and Transfer prescribe different maximum periods of grant for different uses of land as follows:

Use of land	Maximum period (Years)
Commercial, tourism, entertainment .....	40
Residential .....	70
Industrial.....	50
Educational, scientific, culture, public health and sports .....	50
Comprehensive utilization or others .....	50

On May 9, 2002, MLR promulgated the Rules 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》) to regulate that land for commercial use, tourism, entertainment and commodity housing development shall be granted through the way of tender, public auction or listing-for-sale. These Rules were revised by MLR in September 2007 and renamed as the Rules 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》), which additionally requires that land for industrial use and a lot of land for whatever uses, so long having more than one intended grantee, also need to be granted through the way of tender, public auction or listing-for-sale. Local land administration authorities above the county level may represent the State as grantor to make announcement in public media of the land approved to be granted according to the government's general land supply plan. Such announcement should include basic particulars of the lot of land in granting, qualification requirements for the bidders, the criteria for selection of winning bidder and other bidding conditions such as the defined use of the land, a certain amount of deposit. During the course of tender, public auction or listing-for-sale, bidding prices submitted by all bidder(s) are public and the most competitive bidder will be decided as the grantee and enter into a land grant contract with the grantor. Detail specifications for using the land, including dwelling size, plot ratio and the time limit for commencement and completion of construction, should be specified in each land grant contract. Upon paying in full the land premium pursuant to the terms of the contract, a land-grantee may apply to the relevant land bureau for the land use right certificate.

From 2003, the government has issued quite a lot rules and regulations to, from different administration approaches, restrain the excessive increase of housing prices and to promote the sound development of real estate market. The principle rules and regulations including:

- The Notice on Relevant Issues Concerning Strengthening the Examination and Approval of Urban Construction Land (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 MLR on September 4, 2003;

- The Notice on Effectively Stabilizing House Price (關於切實穩定住房價格的通知) promulgated by the General Office of the State Council on March 2005;
- The Opinion on the Work of Stabilizing Housing Price (關於做好穩定住房價格工作的意見) promulgated by the MOHURD and other six departments on April 30, 2005;
- The Notice on Adjusting the Housing Structure and Stabilizing Housing Prices (關於調整住房供應結構穩定住房價格意見的通知) promulgated by the General Office of the State Council on May 24, 2006;
- The Urgent Notice on Rigorous Administration on Land (關於當前進一步從嚴土地管理的緊急通知) promulgated by MLR on May 30, 2006;
- The Notice on Further Regulation and Controlling Investment in Fixed Assets and Strictly Control the Number of New Projects (關於加強固定資產投資調控從嚴控制新開工項目意見的通知) promulgated by the General Office of the State Council on June 13, 2006;
- Certain Opinions regarding the Implementation of Ratio Requirements for the Structure of Newly Constructed Residential Unites (關於落實新建住房結構比例要求的若干意見) promulgated by the MOHURD on July 6, 2006;
- The Notice about Relevant Matters on Strengthening Control on Land (關於加強土地調控有關問題的通知) promulgated by the General Office of the State Council on July 13, 2006;
- The Notice about Relevant Matters on Policy Adjusting Concerning the Land Use Fee for Newly Created Construction Land (關於調整新增建設用地土地有償使用費政策等問題的通知) promulgated by the Ministry of Finance, MLR and PBOC on November 7, 2006;
- The Opinions on Resolving Difficulties of Housing for Urban Low-income Households (關於解決城市低收入家庭住房困難的若干意見) promulgated by the State Council on August 7, 2007;
- The Notice on Implementation of the Opinions of the State Council on Solving Difficulties of Housing for Urban Low-income Households (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》) promulgated by MLR on September 30, 2007;
- The Administration Rules on Land Inventory (土地儲備管理辦法) promulgated by the Ministry of Finance, PBOC and MLR on November 19, 2007;
- The Notice on Further Enhancing the Control on Revenue from and Expenditure for Land Grant (關於進一步加強土地出讓收支管理的通知) promulgated by the Ministry of Finance, MLR, PBOC, Ministry of Supervision and National Audit Office on November 18, 2009;
- The Notice on Issues of Enhancing Supply and Supervision of Land for Real Estate Development (關於加強房地產用地供應和監管的有關問題的通知) promulgated by MLR on March 8, 2010;

- The Notice on Further Strengthen the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知) promulgated by MLR and MOHURD on September 21, 2010;
- The Notice on Strict Implementation of Policies Regarding Regulation and Control of Real Estate Land to Promote Healthy Development of Land Market (關於嚴格落實房地產用地調控政策促進土地市場健康發展有關問題的通知);
- The Notice on Further Implementing the Measures on Control of 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) promulgated by the State Council on January 26, 2011, which was further enhanced by the State Council in the Notice on Continue the Work of Control of Real Estate Market (關於繼續做好房地產市場調控工作的通知) promulgated on February 26, 2013; and
- The Catalogue of Restricted Land Use Projects and Catalogue of Prohibited Land Use Projects (限制用地項目目錄、禁止用地項目目錄) latest updated and promulgated by MLR on May 23, 2012.

These rules and regulations adopted the following policies in terms of supply of land for property development:

- To focus on ensuring the supply of land for development of low to medium end ordinary residential house, for which the annual supply volume shall be not less than 70% of the total residential land supply, while restrict land supply for high-end, low-density residential projects and prohibit new land supply for villa projects;
- To ensure that the residential units with a floor area of less than 90 square meters shall account at least 70% of the total construction area of all new residential real estate projects approved after June 1, 2006;
- To more strictly control the approval for transforming agriculture land to construction land;
- To prohibit any transfer of land or transfer of real estate project before capital invested in the project (excluding land premium) has not reached 25% of assessed total investment;
- To implement scrutiny over all uncompleted property projects and impose penalties on the land-grantee(s) whose land has not been constructed in accordance with the term required under the land grant contract and even the government may resume the land use right of any land idled for over two years;
- To raise the standard for land use fee (a fee charged by central or provincial level government to subordinate local government) of newly added construction land and the land use fee for each category was doubled from January 1, 2007;
- To implement a regime of construction land inventory and supply plan so as to control supply of land in concerning of market demand;

- To prohibit local governments to grant any land to develop commodity real estate project before completion of expropriation of and compensation for old buildings on such land;
- To regulate that, for each residential real property project, the granted land area shall not exceed 7 hectares in small cities or towns, or 14 hectares in medium-sized cities, or 20 hectares in large cities and plot ratio shall not be lower than 1.0;
- To regulate that, when granting any land for developing commodity real estate, restricted selling price, number of units and GFA of each kind of units shall be included as requirements need to be satisfied and as well liabilities for failure to meet such requirements need to be specified in corresponding land grant contract;
- To regulate that, for bidding a lot of land, deposit for participation of bidding shall not be less than 20% of beginning price and the bidder(s) shall prove that such deposit is self-owned money, instead of borrowing from any financial institution, shareholder or any third party; furthermore, when winning a bidding, at least 50% of land premium shall be paid within one month of signing of land grant contract and the remaining shall be paid within the term as required under the contract.

***Compensation for demolished buildings on land to be developed***

Although all urban land is owned by the State, most of such land has buildings thereon owned or legally occupied by individuals or entities. According to the Regulation of Demolishing Urban Houses (城市房屋拆遷管理條例) promulgated by the State Council on June 13, 2001, real property developers who having been granted land use rights are responsible, by themselves or engage other qualified entities, to do the work of demolishing and make compensation to the owners or occupiers of the buildings on the granted land. Such developers should reach agreement with building owners and occupiers in terms of compensation before demolishing the old buildings. In the case that relevant parties fail to reach agreement on compensation, either party may submit such disputes to the court for judgment and, when relevant court makes final judgment of compensation amount, such house owner or occupier has to move within the term ordered by the court. If such house owner or occupier refuse to move after the expiration of the ordered term, the developer may apply with relevant government department to enforce the demolishing.

On January 21, 2011, the State Council abolished the above regulation and at the same time promulgated the Regulation on the Expropriation of and Compensation for Houses on State-owned Land (國有土地上房屋徵收與補償條例, the “Expropriation and Compensation Regulation”). This new regulation provides that the State may expropriate houses legally owned by individuals and/or entities only for public interest purpose in the following circumstances:

- (i) Required for national defense and diplomacy purpose;
- (ii) Required for government projects of construction of energy, transportation, water power and other infrastructures;
- (iii) Required for government projects in respect of technology, education, culture, sanitation, sports, environment and resource protection, disaster defense, relics protection, social welfare, public utilities and public facilities;

- (iv) Required for housing projects for low-income households implemented by the government;
- (v) Required for the reconstruction of areas with intensive dilapidated buildings and backward infrastructure to be implemented by the government pursuant to urban planning regulations;
- (vi) Required for other public interests permitted under the laws and regulations.

In such projects for public interest purpose, property developers are no longer acting as a party in demolishing and compensation work and instead the governments at municipal or county level are responsible for, and have the right to set up housing expropriation departments to organize and carry out such work in their administrative regions. The new regulation provides that the amount of compensation for the houses being expropriated shall not be less than its market value, which shall be determined by qualified real estate appraisal institutions according to the Rules for Appraisal of Expropriated Houses on State-owned Land (國有土地上房屋徵收評估辦法) promulgated by MOHURD on June 3, 2011. House owners or occupiers may choose monetary compensation or resettlement. In case of resettlement, either the government or the corresponding house owners or occupiers shall pay the difference between the expropriated house and the house provided for resettlement.

However, the Expropriation and Compensation Regulation does not mention the way that how the buildings on land should be demolished and compensated if the land is planned to be used for developing commodity real estate. According to principal provided under the Property Law of the People's Republic of China implemented from October 1, 2007, if not for public interest purpose, the government do not have the right to expropriate real properties legally owned by individuals and/or entities and therefore, in case of commercial development, only when all buildings on the target land have been purchased and owned by a developer, it can demolish such buildings.

#### ***Punishment on idle land***

According to the Urban Real Property Administration Law (城市房地產管理法) promulgated by the Standing Committee of the National People's Congress on July 5, 1994 and revised in August 2007, property developers who have been granted land use rights should develop the land in accordance with corresponding land grant contract, including the time for commencement of construction; and the government may impose fine at the amount up to 20% of land premium for land idled for over one year and may resume granted land use right for any land idled for over two years. This policy was strengthened in subsequent regulations.

Under the Measures on Disposing of Idle Land (閒置土地處置辦法) promulgated by the MLR on April 28, 1999 and revised on 1 June 2012, "idle land" is defined as the granted state-owned construction land that (i) failed to commence construction within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area in construction is less than one third of the total area ought to be in construction or the invested capital is less than 25% of the total amount of capital ought to be invested.



Under the Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction (關於進一步加強房地產用地和建設管理調控的通知) promulgated by MLR and MOHURD on September 21, 2010, it is regulated that property developers shall commence construction of its project within one year from the date of delivery of the land as set forth in corresponding land grant contract and shall complete construction within three years thereafter. If any land parcel is left idle for over one year due to the reason of the developer, such developer will be banned from participating in future land-granting activities.

#### *Planning of a property project*

According to the Measures for Control and Administration of the Grant and Transfer of the Right to Use State-owned Urban Land (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by MOHURD on December 4, 1992 and implemented on January 1, 1993 and the Notice of the MOHURD on Strengthening the Administration on Planning of Grant the Use Right of State-owned Land (建設部關於加強國有土地使用權出讓規劃管理工作的通知) promulgated by MOHURD on December 26, 2002, a real estate developer shall, after signing land grant contract, shall apply for a construction land planning permit (建設用地規劃許可證) from the municipal planning authority. After obtaining the construction land planning permit, the real estate developer shall then organize the necessary planning and design work. A planning and design proposal in respect of the real estate project shall be submitted to the municipal planning authority following the requirements and procedures under the Urban and Rural Planning Law of the People's Republic of China (中華人民共和國城鄉規劃法) implemented from January 1, 2008, and a construction works planning permit (建設工程規劃許可證) must be obtained from the municipal planning authority.

The Urban and Rural Planning Law (城鄉規劃法) provides that where any construction project is commenced without obtaining a construction work planning permit (建設工程規劃許可證), or where construction has not proceeded in accordance with approved construction work planning permit, the planning authority at or above county level may issue an order to cease such construction. In the case that the construction can be remedied to conform to the relevant planning rules, the planning authority may order the developer to rectify the construction in a prescribed period of time and a fine from 5% to 10% of the total construction cost may be imposed. Where the construction cannot be remedied to conform to relevant planning rules, the planning authority may order to demolish such construction or, demolition will be issued or, where demolition is not possible, to forfeit the illegal property and/or illegal income derived from the property and a fine to the extent of 10% of the construction cost will be imposed.

#### *Construction of a property project*

According to the Measures for the Administration of Construction Permits for Construction Projects (建築工程施工許可管理辦法) promulgated by MOHURD on October 15, 1999 and as amended and implemented on July 4, 2001, a property developer shall, after obtaining the construction land planning permit and the construction work planning permit, apply for a construction work commencement permit (建築工程施工許可證) from the construction authority at or above county level, which is a governmental permit for commencing the construction work of a project. In a commodity real estate project, the construction authority will issue such construction work commencement permit to a developer when the following conditions have been satisfied:

- (i) land grant contract has been signed and the construction land planning permit has been obtained;

- (ii) the construction work planning permit has been obtained;
- (iii) all required demolishing work is completed and the site is substantially ready for construction;
- (iv) the construction engineering contractor(s) having competent qualifications has been employed through appropriate approach;
- (v) designing drawings for construction have been passed the examination by construction authority;
- (vi) reasonable measures to ensure construction quality and security have been passed the examination by construction authority;
- (vii) qualified construction supervision institution has been employed;
- (viii) sufficient capital for commence the construction has been arrived, which in principle, for construction contracts with term less than one year, shall not be less than 50% of the contract price and, for construction contracts with term longer than one year, shall not be less than 30% of contract price; and
- (ix) other conditions may be required by the competent construction authority.

According to the above Measures for the Administration of Construction Permits for Construction Projects, any project, unless its total investment is less than RMB300,000 or its total GFA is less than 300 square meters, if begins to construct before obtaining construction work commencement permit, will be stopped and fined by construction authority. On the other hand, if any project fails to commence construction within 3 months after obtaining its construction work permit, it shall get approval from competent construction authority for extension, which in normal will not be longer than 3 months, otherwise the construction work commencement permit will be revoked.

#### ***Completion of a property project***

According to the Administration of Development of Urban Property (城市房地產開發經營管理條例), the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) promulgated by State Council on January 30, 2000, the Rules of Acceptance Examination Documents Filing of Completed 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 in April 2000 and amended in October 2009 and the Interim Provisions on Acceptance Examination Upon Completed Buildings and Municipal Infrastructure (房屋建築工程和市政基礎設施工程竣工驗收暫行規定) promulgated by MOHURD on June 30, 2000, when the construction of a project is completed, the following examinations and formalities need to be conducted before deliver the project for use:

- to complete a construction completion report by the general construction engineering contractor, which need be co-signed by both of the general contractor and the developer;
- to pass the examination conducted by competent construction planning authority and obtain a certification which proving the project is completed in accordance with the approved planning specifications;

- to pass the examination conducted by qualified construction supervision institution and architecture designing institution in regard of the quality of the project and obtain a quality examine report issued by such institutions;
- to compile engineering and construction management material of the project;
- to complete trial of major construction materials, parts and equipments and prepare a trial report;
- to pay engineering contractors contract price pursuant to relevant contract;
- to obtain quality warranty guarantee of the project issued by general engineering contractor;
- to pass the examination conducted by competent local public security authority, fire station, environment protection authority and obtain corresponding certificate issued by such authorities;
- given that all the above examinations are passed, the relevant general engineering contractor, construction supervision institution, architecture designing institution shall co-sign a project completion opinion; and
- to file the above documents to the competent local construction authority, which if accept all such documents will issue to the developer a filing certificate to prove the completion of construction in legal perspective.

Pursuant to the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例), no projected can be delivered for use before completion of the above examination and filing formalities, otherwise its developer will be fined at an amount from 2% to 4% of the total contract price of the project construction and be liable for all damages and losses caused therefore.

#### **SALE/PRE-SALE OF COMMODITY PROPERTY**

Commodity property can be sold before or after its completion. These sales are regulated and conducted in accordance with the provision of the Regulations on Administration of Sale of Commodity Property (商品房銷售管理辦法), or the Sales Regulations, promulgated by MOHURD in April 2001, the Measures on Administration of Pre-sale of Commodity Property (城市商品房預售管理辦法), or the Pre-Sale Regulations, amended by MOHURD in July 2004.

For units of a commodity property sold before completion (a “Pre-sale”), a developer must take the necessary pre-sale registration with competent real estate development authority at or above county level and obtain a pre-sale permit (商品房預售許可證). A Pre-sale will take place if: (a) the land premium has been paid in full and the land use right certificate has been obtained; (b) the construction land planning permit, the construction work planning permit and the construction work commencement permit have been obtained; (c) in terms of the commodity buildings put into pre-sale, at least 25% of the total amount of investment fund has been injected into the development and the progress of construction and the expected completion and delivery dates have been ascertained; and (d) the pre-sale has been registered and a pre-sale permit has been obtained.

Under the Sale Regulations, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (a) the property development enterprise shall have a business license and a qualification certificate of a real property development enterprise; (b) the enterprise shall obtain a land use right certificate or other approval documents for land use; (c) the enterprise shall have the construction work planning permit and construction work commencement permit; (d) the building shall have been completed and been inspected and accepted as qualified; (e) the resettlement of the original residents shall have been completed; (f) the essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other essential utilities and public facilities shall have been made ready for use, or a date for their construction and delivery shall have been specified; (g) the property management plan shall have been completed. Before the post-completion sale of a commodity building, a property development enterprise shall submit the property development project manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the property development authority.

According to the Regulations on Administration of Development of Urban Property (城市房地產開發經營管理條例) and the Pre-sale Regulation, for any pre-sold units, the developer shall apply for registration of the pre-sold commodity units with relevant real property administration authorities within 30 days after signing pre-sale contract with the buyer. The function of such registration is to prevent a second transfer of any pre-sold real property. Pursuant to the Circular of the General Office of the State Council on Forwarding the Opinions of the MOHURD and other Departments on Stabilizing House Prices (國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知) issued on May 9, 2005, a buyer of a pre-sold commodity property is prohibited from transfer the pre-sold property before the construction of the property is completed and the buyer obtains the title deed of the commodity property and in the event when the applicant for issuing of title deed of the real property is different from the person that registered in pre-sale of the property, the real property administration authority will reject to issue title deed for such property.

On April 13, 2010, MOHURD issued the Notice on Further Enhancing the Supervision of the Real Estate market and Improving the Pre-sale System of Commodity Properties (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, any deposit, down payment or payment in whatever nature made to developer(s) for any commodity property before getting pre-sale permit is strictly prohibited. On the other hand, the information of all units that having been permitted for pre-sale, including number of units and price of each unit, shall be published within 10 days upon being issued of pre-sale permit. In the Regulations on Sales of Commodity Properties at Expressly Marked Price (商品房銷售明碼標價規定) promulgated by NDRC on March 26, 2011, the requirement of publishing price of each unit of commodity property is expanded to also cover units in post-completion sale.

### ***Mortgages of property***

The mortgage of real estate in the PRC is government by the Property Rights Law (物權法), the Security Law of the People's Republic of China (擔保法) implemented on October 1, 1995, the Law of the PRC on the Administration of Urban Real Estate (城市房地產管理法) and the Rules on the Administration of Mortgages of Urban Real Property (城市房地產抵押管理辦法) promulgated by MOHURD in May 1997 and amended on August 15, 2001. When a mortgage is lawfully created on the ownership of a completed building, the same will be simultaneously created on the land use rights of the land where the building is erected; and vice-versa when a mortgage is created on a lot of granted land, the same will be

simultaneously created on the buildings having erected on the land. For buildings newly-erected on the land after the registration of mortgage are not deemed as mortgaged property; however in the event that the mortgaged property is auctioned off, the new buildings added on the land may be auctioned together but the mortgagee shall not be entitled to the priority compensation from the proceeds of the auction of the new buildings.

Pursuant to the Property Rights Law, a real estate mortgage becomes effective on the date of the registration with local real estate administration authority. To make registration of mortgage on a real property, the written mortgage contract as well as the loan contract secured by the mortgage and the land use right certificate or the title deed of real property must be submitted the registration authority. In the case that the mortgagor fails to repay the loan secured by the mortgage, the mortgagee may institute a proceeding in the court to claim for repayment of the loan by proceeds from the auction of the mortgaged property. The mortgagee has priority on such proceeds and the portion of the proceeds that exceeds the amount of indebtedness shall belong to the mortgagor and any shortfall shall be paid by the mortgagor.

### *Leasing*

Under the Law of the PRC on the Administration of Urban Real Estate (城市房地產管理法) and the Administration Rules of Leasing of Commodity Property (商品房屋租賃管理辦法) promulgated by MOHURD on December 1, 2010, the parties to a leasing of real property shall enter into a written leasing contract, which should be filed with the local real property administration authority within 30 days upon execution. Any failure to comply with such filing requirement would lead to a fine.

## **REAL ESTATE LOANS**

### *Loans to real property development enterprises*

The government has promulgated quite a few regulations in respect of the administration of bank loans granting to commodity real property projects, including:

- The Circular on Further Strengthening the Management of Real Property Loans (關於進一步加強房地產信貸業務管理的通知) issued by PBOC on June 5, 2003;
- The Guideline for Risk Control in Commercial Banks' Real Property Loans (商業銀行房地產貸款風險管理指引) issued by CBRC on August 30, 2004;
- The Circular on Strengthen the Administration of Real Property Development Loans (關於加強商業性房地產信貸管理的通知) issued by PBOC and CBRC on September 27, 2007; and
- The Notice on Adjusting the Minimum Capital Requirement 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 May 25, 2009.

According to the above regulations, commercial banks are required to focus their business on supporting real estate projects targeted at mid to lower-income households and appropriately restrict the granting of real estate loans to projects for the construction of luxury apartments and houses and bank loans to be granted to commodity real property project shall be in compliance with the following principles:

- The real property developer shall have injected at least 30% of the total investment of the project from its own fund;
- Banks are prohibited to provide any loan to any real property development enterprise as working capital or for payment of land premium;
- Banks shall supervise and manage real property development loans granted to developers being used for the projects applying for such loan;
- No loan shall be granted for any real property project which have not obtained requisite land use right certificate, construction land planning permit, construction work planning permit and construction work commencement permit;
- No loan shall be offered to property developers who have been found by governmental authorities as hoarding land and buildings; and
- Banks are prohibited from accepting commodity buildings or units that have been idled for over more than 3 years as collateral for loans.

On July 19, 2013, PBOC promulgated the Notice on Further Promote Interest Marketization (關於進一步推進利率市場化改革的通知) to cancel the control of bottom line of financial institutions' lending rates, which used to be 70% of benchmark rate published by PBOC. The personal housing loan floating interest rate range remained unchanged.

#### ***Trust financing***

- On October, 2001, the Trust Law of the People's Republic of China (中華人民共和國信託法) came into force to regulate the legal relationship in trust, which as interpreted under the law refers to that the settler, based on his faith in trustee, entrusts his property rights to the trustee and allows the trustee to, according to the will of the settler and in the name of the trustee, administer or dispose of such property in the interest of a beneficiary or a trustee.
- On March 1, 2007, the Administration Measures on Trust Financing Company (信託公司管理辦法) came into force, which provides that the establishment and operation of trust financing companies are administrated by CBRC and all trust financing companies need to obtain a Financial Institution License issued by CBRC. Trust financing companies may manage or dispose of trust property, subject to the terms of trust document, in the manner of investment, sale, inter-bank deposits, purchasing for reselling, lease or loans, etc.
- From 2008 to 2010, CBRC issued several regulatory notices to enhance the administration on trust loans advanced by trust financing companies to real estate development project, including a Circular on Relevant Matters regarding Strengthening the Supervision of Real Estate Business of Trust Financing Companies (關於加強信託公司房地產業務監管有關問題的通知) issued on February 11, 2010, pursuant to which trust financing companies are prohibited to provide loans for payment of land

premium and loans should not be provided to property projects that (i) have not obtained the requisite land use right certificates, construction land planning permit, construction work planning permits and construction work commencement permits; (ii) neither its developer nor its controlling shareholder had been issued of real estate developers qualification certificate at or above Class 2; (iii) the fund invested in the project by the developers' own capital is less than the minimum line required by the government at that time.

- Pursuant to the Measures on Administration of Trust Companies 《信託公司管理辦法》 (the “Trust Measures”), which became effective on 1 March 2007, “trust companies” shall mean the financial institutions which are incorporated in accordance with the Company Law of the People’s Republic of China and are engaged mainly in trust business in the PRC. “Trust business” shall mean the business operation that the trust company undertakes as a trustee of a trust and handles the trust matters under a fiduciary capacity for the purpose of operating business and receiving remunerations. The minimum amount of registered capital of a trust company shall be RMB300 million or the equivalent value in a freely convertible currency.
- On 12 November 2010, the CBRC issued 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》 to require all trust companies to conduct self-examination immediately on the compliance risk of the real estate trust business. Business compliance and risk exposure shall be analysed on case-by-case basis, including whether the real estate development projects to which loans were issued by trust companies have satisfied the conditions such as the availability of all the “Four Permits” (namely, the land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit) , whether the real estate developer or its controlling shareholder have obtained Class 2 qualification, and whether capital ratio of the project has reached the national minimum requirement. All banking regulatory bureaus shall strengthen compliance supervision and risk control over real estate business of trust companies within their jurisdiction. If problems are discovered during self-examination and inspection, measures shall be taken immediately to order the trust company for rectification and non-compliance behaviour shall be penalised in accordance with the relevant rules and regulations.

### *Housing loans to individual buyers*

Loans granted to individuals for purchasing residential real properties are classified in two categories, one is commercial housing loans granted by banks and the other is housing loans at preferred interest rate granted by housing fund administration institutions through commercial banks.

The policies for housing loans to individuals have been adjusted periodically and became more and more stringent in recent years. According the Notice on Further Implementing Real Estate Market Control Measures (關於進一步做好房地產市場調控工作有關問題的通知) promulgated on January 26, 2011, and the Notice on Continue the Work of Control of Real Estate Market (關於繼續做好房地產市場調控工作的通知) promulgated on February 26, 2013, the current principle policies for individual housing loans include:

- Individual housing loans are only permitted to grant for purchasing of post-completion residential real property or pre-sold residential real property, of which the construction of the building’s main structure has been completed;
- for individual housing loans to be used to fund the purchasing of the first residential property for a family, the contract price having been paid by the purchaser being granted of the loan shall not be less than 30%;

- for individual housing loans to be used to fund the purchasing of the second residential property for a family, the percentage of downpayment should not be less than 60% and may be further increased at the decision of each city, (in Beijing, the percentage is increased to 70%) and the interest rate of such loans shall not be lower than 110% of the benchmark rate;
- no individual housing loan is permitted to be granted to any individual who cannot provide income tax payment receipt or social insurance premium payment receipt to prove he/she has been working for at least one year in the city where the commodity property to be purchased is located; and
- except for individual housing loan, no other banking finance product is permitted to be used to purchase residential real property.

It is also provided in the Notice on Further Implementing Real Estate Market Control Measures (關於進一步做好房地產市場調控工作有關問題的通知), any local family which have owned at least two units of residential property are prohibited to purchase other residential real property in the city; and for non-local families which can provide relevant income tax payment receipts or social insurance premium payment receipts to prove they have been living in the city for over one year, are permitted to only purchase one residential real property in the city. According to the Notice on Further Regulating Administration on Purchase of Houses by Overseas Institutions and Foreigners (關於進一步規範境外機構和個人購房管理的通知) promulgated by MOHURD and SAFE in November 2010, each foreigner can only purchase one residential property in PRC for his/her own residential purpose; and for overseas institutions which have established branches or representative offices in the PRC is permitted to only purchase non-residential commodity properties for business use in the city where it is registered.

#### ***Insurance of a property project***

There are no mandatory provisions in PRC laws, regulations and government rules which require a property development enterprise to take out insurance policies for its property projects. However, PRC commercial banks may require the property development enterprise to purchase insurance if the commercial bank intends to grant a development loan to the property development enterprise.

#### ***Environmental protection***

Pursuant to the requirements of relevant laws and regulations such as the Law of Appraisal Measures for the Impact on Environment of the PRC (中華人民共和國環境影響評價法) implemented by the Standing Committee of the National People's Congress in September 2003, and the Regulations of Environmental Protection in Construction Projects (建設項目環境保護管理條例) implemented by the State Council in November 1998, before commencement of a construction project, the property developer of such project shall engage qualified institution to carry out an appraisal of the impact the construction project will have on the environment and submit an appraisal report to the local environmental protection administration authority for filing. If the appraisal result is acceptable to the local environmental protection administration authority, it will issue a consent for commencement of the construction. While the project is in progress, the developer should comply with the rules and measures for environmental protection stated in the appraisal report. 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 by the authority may go into operation or be delivered for use.



***Construction safety***

Under relevant laws and regulations such as the Laws of Safe Production of the PRC (中華人民共和國安全生產法) revised by the Standing Committee of the National People's Congress in August 2009, the property development enterprise should apply to the supervisory department on safety for the registration of supervision for work safety in construction before the commencement of construction. Constructions without such registration will not be granted a construction work commencement permit by the supervisory body. Contractors for the construction should establish the objectives and measures for work safety and improve the working environment and conditions of workers in a planned and systematic way. A work safety protection scheme should also be set up to carry out the work safety job responsibility system. At the same time, contractors should 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.

Under the Construction Law of the People's Republic of China (中華人民共和國建築法) revised by the Standing Committee of the National People's Congress in April 2011, general construction contractor shall take overall responsibility for the safety in the construction site. Each subcontractor is required to comply with the protective measures adopted by general contractor and to purchase insurance policies covering accident injury for its employees on site.

**MAJOR TAXES APPLICABLE TO PROPERTY DEVELOPERS*****Corporate income tax***

In 2007, the PRC government adopted the PRC Corporate Income Tax Law (中華人民共和國企業所得稅法) and the related implementation rules, which became effective on January 1, 2008. Under the PRC Corporate Income Tax Law, an unified income tax rate at 25% on profit is applied to all PRC enterprises, including foreign-invested enterprises. Under the PRC Corporate Income Tax Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the unified 25% corporate income tax rate on their global income.

***Business tax***

Pursuant to the Interim Regulations of the People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例) promulgated by the State Council on December 13, 1993, amended on November 10, 2008, and implemented on January 1, 2009, and the Detailed Implementation Rules on the Provisional Regulations of The People's Republic of China on Business Tax (中華人民共和國營業稅暫行條例實施細則) issued by the Ministry of Finance on December 25, 1993 and amended on December 15, 2008 and implemented on January 1, 2009, the a business tax at the rate of 5% on sales price is applicable to the transfer of real properties.

*Land appreciation tax*

According to the requirements of the Provisional Regulations of The People's Republic of China 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") which were implemented from January 1, 1994 and amended on January 8, 2011, and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China 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 came into effect on January 27, 1995, for each transfer of real property, a land appreciation tax, or LAT, is payable by seller(s) on appreciation in value representing the balance of the proceeds received on sales, after deducting various prescribed items. The allowable deduction include the following items:

- Payment made for obtaining land use rights;
- costs and expenses occurred for the land development and construction of the property;
- construction costs and expenses occurred for newly built buildings and ancillary facilities, or assessed value of old buildings and structures;
- taxes paid for transfer of the real property; and
- other deductible items as specified by the Ministry of Finance (including 20% deduction of the first two items mentioned which is applicable only for property developers).

LAT is charged at progressive rates ranging from 30% to 60% if the appreciation value (i.e. the balance as described above).

<u>Appreciation value</u>	<u>LAT rates (%)</u>
For the portion	
Not exceeding 50% of allowable deduction.....	30
Over 50% but not more than 100% of allowable deduction .....	40
Over 100% but not more than 200% of allowable deduction .....	50
Over 200% of allowable deduction.....	60

An exemption from payment of LAT may be available if the taxpayer constructs ordinary residential apartments and the appreciation amount does not exceed 20% of the sum of deductions allowed under PRC laws.

Before a project is completed and/or the amount of allowable deduction is identified, local tax authority may levy LAT on revenue from pre-sale at certain rates determined by relevant local authority. According to the Notice on Strengthening the Levy and Administration of Land Appreciation Tax (關於加強土地增值稅徵管工作的通知) issued by the State Administration of Taxation on May 25, 2010, which requires that the minimum LAT prepayment rate shall be 2% for provinces in east region, 1.5% for provinces in central and northeast regions, and 1% for provinces in west region, and local tax authorities shall also define different LAT prepayment rates applicable to different types of the properties.

According to the Notice on the Administration of the Settlement of Land Appreciation Tax of Property 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) (the “2007 LAT Notice”) issued by the Ministry of Finance and the State Administration of Taxation on December 28, 2006, when construction of project is completed, or a transfer of the entire uncompleted project or a transfer of the entire lot of land is happened, the developer shall pay LAT based on the appreciation amount identified by local tax authority after tax auditing; however, in the following circumstances local tax authorities may also order developer to pay LAT for entire project even when not all units of a project has been sold out:

- (i) for a project having completed construction, the GFA of units having been sold out, leased or reserved for self-use account for more than 85% of the GFA of all units available for sale;
- (ii) the sales or pre-sale permit of the project was issued 3 years ago and the sold out units still not reach the ratio of 85%;
- (iii) the taxpayer has applied to de-register its tax registration certificate, while has not completed the auditing of LAT for the project; and
- (iv) other circumstances may supplemented by the local tax authorities at or above provincial level.

#### ***Urban land use tax***

Pursuant to the latest amended version of 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 January 8, 2011, land use tax in respect of urban land is levied according to the area of relevant land at different rates ranging from RMB0.6 to RMB30.0 per sq.m.

#### ***Real estate tax***

According to the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and the PRC State Council Order 546 (中華人民共和國國務院令2008第546號) issued on December 31, 2008, for enterprises in PRC, no matter domestic or foreign-invested, real estate 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 August 6, 1988 and implemented on October 1, 1988, for property transfer instruments, including those in respect of property ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein; for permits and certificates relating to rights, including property title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

*Municipal maintenance tax*

Under the Interim Regulations of the People's Republic of China on Municipal Maintenance Tax (中華人民共和國城市維護建設稅暫行條例) promulgated by the State Council on February 8, 1985, tax payers applicable to value-added tax or business tax shall be required to pay municipal maintenance tax levied on the amount of payable value-added tax or business tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town.

*Education surcharge*

Under the Interim Provisions on the Imposition of the Education Surcharge (徵收教育費附加的暫行規定) promulgated by the State Council on April 28, 1986 and as amended on June 7, 1990 and August 20, 2005, tax payers applicable to value-added tax or business tax shall pay an education surcharge levied based on the amount of payable value-added tax or business tax.

**MAJOR TAXES APPLICABLE TO REAL PROPERTY BUYERS AND OWNERS***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 July 7, 1997 and implemented on October 1, 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% to 5%. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine their effective rates of deed tax.

On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通告) which announced that the deed tax for individuals buying their first regular commodity house with a floor area of less than 90 sq.m. would be temporarily reduced to a unified rate of 1% starting from November 1, 2008.

On September 29, 2010, the Ministry of Finance, the State Administration of Taxation, and the Ministry of Housing and Urban-rural Development promulgated the Notice on Adjusting Preferential Policies for Deed Tax and Individual Income Tax for the Real Estate Transaction Process (關於調整房地產交易環節契稅個人所得稅優惠政策的通告), which provides that for any residential property purchased as the sole residential property for the purchaser and his or her family members (including his or her spouse and minor dependents), the rate of deed tax is reduced to 50% of the statutory rate if the GFA of the residential property is at or above 90 sq.m. and to 1% if the GFA of the residential property is below 90 sq.m..

*Real estate tax*

Pursuant to the PRC Provisional Rules on Real Estate Tax (中華人民共和國房產稅暫行條例), real properties owned by individual for non-business uses are exempted from real estate tax. In May 2010, the State Council issued the Notice on Endorsing and Forwarding the National Development and Reform Commission's Opinions on Further Developing the Key Reforms of the Economic System in 2010 (國務院批轉發展改革委員會關於2010年深化經濟體制改革重點工作意見的通知), which calls for the gradual implementation of real estate tax reform in the PRC. According to principle of this notice, Chongqing and Shanghai have promulgated local regulations to impose real estate tax on residential real property owned by individuals.

*Stamp duty*

On October 22, 2008, the Ministry of Finance and the State Administration of Taxation issued the Circular on Taxation Policy Adjustment Concerning Real Estate Trading (關於調整房地產交易環節稅收政策的通告), which provides that from November 1, 2008 stamp duty is exempted for individuals selling or buying houses.

**MEASURES ON STABILIZING HOUSING PRICE**

The General Office of the State Council promulgated the Circular on Duly Stabilizing the Prices of Residential Properties (關於切實穩定住房價格的通知) on March 26, 2005, requiring measures to be taken to restrain housing prices from increasing too fast and to promote the healthy development of the property market. On May 9, 2005, the General Office of the State Council issued the Opinion of the Ministry of Construction and other Departments on Stabilizing the Prices of Residential Properties (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), which provides that:

- *Intensifying planning and control and improving the housing supply structure.* Where there is excessive growth in housing prices and insufficient supply of medium to low priced commodity houses and affordable residential housing, housing construction should mainly involve projects for the development of medium to low priced commodity houses and affordable residential houses. The construction of low-density, high-quality houses shall be strictly controlled. With respect to projects for the construction of medium-or-low-price commodity houses, prior to the assignment of land, the municipal planning authority shall, according to control planning, set forth conditions for the plan and design of such elements as height of buildings, plot ratio and green space. The property authority shall, in collaboration with other relevant authorities, set forth requirements such as sale price, type and area. Such conditions and requirements will be set up as preconditions to the assignment of land to ensure an adequate supply of small or medium-sized houses at moderate and low prices. The local government must intensify the supervision of planning permits for property development projects. Housing projects that have not been commenced within two years must be re-examined, and those that turn out to be noncompliant will have their planning permits revoked.

- *Intensifying control over the supply of land and rigorously enforcing the administration of land.* Where there is rapid excessive growth in the price of land for residential use, the proportion of land for residential use to the total land supply should be raised, and the land supply for the construction of regular commodity housing at medium or low prices and affordable residential housing should be increased. Land supply for villa construction shall be continuously suspended, and land supply for high-end housing property construction shall be restricted.

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

- *Adjustment to the housing supply structure.* (i) 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. (ii) From June 1, 2006, for each and every commodity building newly examined and approved for the commencement of construction, the proportion of the area of housing (including economically affordable housing) with a unit floor area less than 90 sq.m. must reach 70% of the total development and construction area. In case of adjustment of the above-mentioned proportion, if required in special cases, the municipalities directly under the central government, separately planned cities and provincial capital cities must submit the special request for adjusting proportion to MOHURD for approval. The projects that have been examined and approved but have not received a construction works commencement permit shall where necessary adjust the set style of housing according to the above-mentioned requirements.
- *Adjustment to tax, credit and land policies.* (i) Commencing June 1, 2006, business tax applicable to the transfer of a residential property by an individual within five years from the date of purchase will be levied on the basis of the full amount of the sale proceeds. For an individual transferring an ordinary residential property five years or more from the date of purchase, business tax will be exempted. For an individual transferring a house other than an ordinary residential house for five years or more from purchasing, the business tax will be levied on the basis of the balance between the income from selling the house and the purchase price. (ii) In order to restrain property development enterprises from purchasing land and buildings with bank credits, any developer applying for loans shall have at least 35% of capital required for the project development. Commercial banks should restrict the grant or extension of revolving credit facilities in any form to property development enterprises with a large amount of idle land and/or vacant commodity buildings. Commodity buildings which are vacant for more than 3 years should not be accepted as a guarantee by the commercial banks. (iii) From June 1, 2006, the first installment of individual house loans should be no less than 30%. 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%. (iv) At least 70% of the land supply for residential property developments must be used for low-to-medium-cost and small to medium-size units and low-cost rental properties. On the basis of the restriction of price and housing style, the land supply shall adopt the method of competitive bidding of land price and housing price to determine the property development enterprise. Land supply for villa construction shall continue to be suspended, and land supply for low-density and large-area housing property construction shall be strictly prohibited. (v) When construction has not yet started one year after the construction commencement date agreed in the land use rights assignment contract has elapsed, charges for idle land should be collected at a higher level; when the construction has not started two years after the construction commencement date

agreed in the land use rights assignment contract have elapsed, the right to use land can be taken back without compensation. The land will be regarded as idle land if: the development and construction of the land has started on time, but the developed area 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 has been continuously suspended for no less than one year without approval.

- *Further rectifying and regulating the property market.* (i) Any project with a construction land planning permit which has not started construction should be re-evaluated. If the project is not in accordance with the controlling requirements of the plan, especially the requirements of the set style structure, the construction works planning permit, the construction works commencement permit and the pre-sale permit should not be issued. Projects which have been altered or the construction of which have exceeded the provisions shall be disposed of or confiscated according to law. (ii) The property administration authority and the administration of industry and commerce should investigate any illegal conduct such as contract fraud. Illegal conduct involving commodity building pre-completion sales without the necessary conditions should be ordered to stop and punished. With respect to the property enterprises that store up housing and maliciously manipulate and raise housing prices, the competent authorities shall enforce monetary punishment according to laws and regulations, and the responsible persons concerned may have their business licenses revoked and/or shall be investigated and prosecuted.

To implement the Opinions on Adjusting the Housing Supply Structure and Stabilizing Housing Prices, MOHURD 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的若干意見) on July 6, 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

- From June 1, 2006, in any city (including counties), housing with a floor area of less than 90 sq.m. should reach 70% of the total floor area of commercial commodity buildings newly approved or constructed.
- The governments should guarantee the conditions of planning and design of newly-built commodity buildings meet the requirements of structure and proportion. Any digression from the above-mentioned requirements without authorization is forbidden and a construction works planning permit should not be issued by municipal planning and authorities. If there is any noncompliance with the planning permit, a construction works commencement permit should not issued by the construction authority and a permit for pre-sale of commodity buildings should not be issued by property development authority.

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

In January 2010, the General Office of the State Council issued a Circular on Facilitating the Stable and Healthy Development of the Property Market (關於促進房地產市場平穩健康發展的通知), which adopted a series of measures to strengthen and improve the regulation of the property market, stabilize market expectation and facilitate the stable and healthy development of the property market. These include, among others, measures to increase the supply of affordable housing and ordinary commodity housing, provide reasonable guidance for the purchase of property, restrain speculative investment in property, and strengthen risk prevention and market supervision. Additionally, the Circular explicitly requires a family (including a borrower, his or her spouse and children under 18) who have already entered into a mortgage for the purchase of a house to pay a minimum down payment of 40% of the purchase price of a second or any additional house which they apply to purchase.

On April 17, 2010, the State Council issued the Notice on Firmly Preventing Property Price from Increasing Too Rapidly in Certain Cities (關於堅決遏制部分城市房價過快上漲的通知), pursuant to which the State Council raised the minimum down payment for second home purchases to 50% and set a minimum 30% down payment on first homes with a GFA of more than 90 sq.m. Further, the notice stipulates that interest rates for mortgage loans for the second property cannot be lower than 110% of the PBOC benchmark lending rate and interest rates for mortgage loans and minimum first installments for third or subsequent homes shall be increased substantially. To strengthen property market regulation and enhance the implementation of these existing policies, on September 29, 2010, the 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), according to 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 property and beyond. On September 29, 2010, the Ministry of Finance, State Administration of Taxation 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), according to which, as at October 1, 2010, the deed tax for individuals who purchased ordinary residential property 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 January 26, 2011, the State Council issued the "Notice on Further Strengthening Regulation and Control of Real Property Markets" (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 properties purchased and held by individuals for less than five years shall be subject to business tax based on total sale price from such transfer, furthermore, the minimum down payment for second home purchases mortgage loan was raised to 60%.

On January 27, 2011, the Ministry of Finance and the State Administration of Taxation 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 property 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 property by an individual owner more than five years from such individual owner's purchase. Business tax is exempted for ordinary residential properties if the transfer occurs after five years from the individual owner's purchase. This notice became effective on January 28, 2011.



On February 16, 2011, the Beijing Municipal Government promulgated the Notice on Further Strengthening Control over Beijing Property Market (《北京市人民政府辦公廳關於貫徹落實國務院辦公廳文件精神進一步加強本市房地產市場調控工作的通知》), which among other things, provides that (i) a local family that owns one house in Beijing (including a family that holds an effective Beijing Certificate for Work and Residence), and (ii) a non-local family with an effective Certificate for Temporary Residence that does not own a house in Beijing and has paid social insurance or individual income tax for five consecutive years, are permitted to purchase one additional house in Beijing (including newly-built and second-hand houses).

Furthermore, (i) a local family that owns two or more houses in Beijing, and (ii) a non-local family that owns one house or more in Beijing, or fails to provide both an effective Certificate for Temporary Residence and evidence of payment of social insurance or individual income tax for consecutive five years, is suspended from purchasing a new house in Beijing. In addition to Beijing, other cities, including Tianjin, Shanghai, Suzhou, Nanjing, Qingdao, Chengdu, Foshan and Harbin, have also announced their new purchase limit policies which are almost the same as the requirements in the Notice Concerning Further Strengthening the Macroeconomic Control of Real Property Market.

On February 20, 2013, the executive meeting of the State Council chaired by Former Premier Wen Jiabao issued a document emphasizing the strict implementation of tightening measures for the real estate market. The measures include completing a system of responsibility for stabilizing housing prices; restraining purchases of residential housing for investment and speculation purposes; expanding the supply of both ordinary commodity housing and of land; accelerating construction of affordable housing projects; and strengthening market supervision.

On March 1, 2013, the State Council issued the Notice on Continuing Adjustment and Control of Property Markets (《關於繼續做好房地產市場調控工作的通知》) which requires, among other restrictive measures:

- (i) Improving the responsibility system for stabilizing housing prices. Municipalities directly under the central government, cities listed on state plans and provincial capitals (excluding Lhasa), must set an annual objective for controlling housing prices and publish annual new commodity housing price control target in the first quarter of the year;
- (ii) Firmly restraining purchases of residential housing for investment and speculation purposes. Municipalities directly under the central government, cities listed on state plans and provincial capitals (excluding Lhasa) which have implemented restrictions on the real estate market are required to cover all administrative areas of the cities as restricted areas, and restricted housing shall include new commodity housing and second-hand housing. 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;

- (iii) 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. Financial institutions, subject to credit requirements, are to prioritize requests for loans for ordinary commodity housing construction projects in which medium and small housing units constitute 70% or more of the total units in such construction project.

This Appendix contains a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on March 7, 2013 under Companies Law. The Memorandum and Articles, which were adopted pursuant to a shareholders' resolution passed on October 6, 2013, conditional upon and with effect from the date of Listing, comprise its constitution.

## **1. MEMORANDUM OF ASSOCIATION**

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

## **2. ARTICLES OF ASSOCIATION**

The following is a summary of certain provisions of the Articles:

### ***(a) Directors***

#### **(i) Composition of the board**

Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than three. There is no maximum number of directors. At least one-third, or three members, of the board, whichever is greater, shall be Independent Non-Executive Directors.

#### **(ii) Power to allot and issue Shares and warrants**

Subject to the Articles, any direction that may be given by the Company in general meeting and, where applicable, the Listing Rules and without prejudice to any special rights or restrictions for the time being attached to any Shares or any class of Shares, all Shares for the time being unissued shall be under the control of the Directors who may designate, re-designate, offer, issue, allot and dispose of the same to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine but so that no Shares shall be issued at a discount; and grant options with respect to such Shares and issue warrants, convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of Shares or securities in the capital of the Company on such terms as they may from time to time determine, and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

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.

**(iii) 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.

**(iv) 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.

**(v) Loans and provision of security for loans to Directors**

There are provisions in the Articles restricting the making of loans or provision of security to the Directors.

**(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 remuneration in respect of any such other office or place of profit (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company.

Subject as otherwise provided by the Articles, the board may exercise or cause to be exercised the voting power conferred by the shares in any other company held or owned by the Company, or exercisable by them as directors of such other company, in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established, provided that 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 of Directors approving any contract or arrangement or any other proposal in which he or any of his associate(s) has/ have a material interest, but this prohibition shall not apply in respect of the following matters:

- (i) the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) 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 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;
- (iii) any proposal 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 associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (v) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of:
  - (a) any employees' share scheme or any share incentive or a share option scheme under which a Director or his associate(s) may benefit; or

- (b) a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates; or
- (vi) any contract or arrangement in which the Director or his 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.

A company shall be deemed to be a company in which a Director and/or his associate(s) owns 5 per cent. or more if and so long as (but only if and so long as) he and/or his associate(s), (either directly or indirectly) are the holders of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associate(s) is derived). For the purpose of this paragraph, there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director or his associate(s) is/are interested only as a unit holder.

Where a company in which a Director and/or his associate(s) holds 5 per cent. or more is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.

#### **(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 be entitled to 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 necessary 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 from the board, 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.

**(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) will retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. The Directors to retire in every year will 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 provided that at least one-third, or three members, of the board, whichever is greater, shall be Independent Non-Executive Directors. Any Director appointed to fill a casual vacancy or 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 Company may by ordinary resolution appoint another in his place.

The office of Director shall also be vacated if:

- (aa) the Director resigns his office by notice in writing to the Company at its registered office or its head office;
- (bb) an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (cc) the Director, without leave, is absent from meetings of Directors (unless an alternate Director appointed by him attends in his place) for a continuous period of 12 months, and the Directors resolve that his office be vacated;
- (dd) the Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) the Director ceases to be or is prohibited from being a director by law or by virtue of any provisions in the Articles; or
- (ff) the Director is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

If an Independent Non-Executive Director has served on the board for more than nine years, the further appointment of such Independent Non-Executive Director will be subject to the separate approval of the members by ordinary resolution.

The Directors may from time to time appoint any person, whether or not a Director to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any person so appointed by the Directors may be removed by the Directors. The Directors may also appoint one or more of their number to the office of managing director upon like terms, but any such appointment shall *ipso facto* determine if any managing director ceases from any cause to be a Director, or if the Company by resolution resolves that his tenure of office be terminated.

The Directors may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorize the members of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation.

**(ix) Borrowing powers**

The board may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of its undertaking, property and uncalled capital or any part thereof, and subject to the Companies Law, to issue debentures, debenture stock, and other securities whenever money is borrowed or as 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 together with (either within or outside the Cayman Islands) for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit. 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 a second 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 thirty days of any change in such Directors or officers.

***(b) Alterations to constitutional documents/Change of Name***

The Articles may be altered or amended by the Company in general meeting by special resolution. The Companies Law provides 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 classes and amount, 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) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;
- (iv) subdivide its Shares, or any of them into Shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; 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 by special resolutions reduce its Share capital and any capital redemption reserve in any manner authorized by law.

*(d) Variation of rights of existing Shares or classes of Shares*

Whenever the capital of the Company is divided into different classes the rights attached to any such class may, subject to any rights or restrictions for the time being attached to any class, only be varied or abrogated with the consent in writing of the holders of not less than three-fourths of the issued Shares of the relevant class, or with the sanction of a resolution passed at a separate meeting of the holders of the Shares of such class by a majority of not less than three-fourths of the votes cast at such a meeting. To every such separate meeting all the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall *mutatis mutandis*, apply except that the necessary quorum shall be one or more persons at least holding or representing by proxy one-third in nominal or par value amount of the issued Shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those shareholders who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that class, every shareholder of the class shall on a poll have one vote for each Share of the class held by him.

The rights conferred upon the holders of the Shares of any class issued with preferred or other rights shall not, subject to any rights or restrictions for the time being attached to the Shares of that class, be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them or the redemption or purchase of any Shares of any class by the Company.

***(e) Transfer of Shares***

Title to the Company's listed shares may be evidenced and transferred in accordance with Hong Kong law and the Listing Rules.

Transfers of Shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve, which is consistent with the standard form of transfer as approved by the Directors or prescribed by the Stock Exchange (as appropriate). All instruments of transfer must be left at the registered office of the Company or at such other place as the Directors may appoint. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any Share which is not fully paid up or on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless (i) a fee of such maximum sum as the Stock Exchange 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, (ii) the instrument of transfer, if applicable, is properly stamped, (iii) the instrument of transfer is in respect of only one class of Share, (iv) the instrument of transfer is validly lodged with the Company 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), (v) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four, and (vi) the Shares concerned are free of any lien in favour of the Company.

The registration of transfers may, on 14 days' notice being given by advertisement published on the Stock Exchange's website, or, subject to and in accordance with the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles or by advertisement published in any newspapers, be suspended and the register of members closed at such times for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended or the register of members closed for more than 30 days in each year, or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

***(f) 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 of the Listing Rules.

***(g) Power for any subsidiary of the Company to own Shares in the Company***

There are no provisions in the Articles relating to ownership of Shares in the Company by a subsidiary.

***(h) 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 15 months after the holding of the last preceding annual general meeting and so long as the first annual general meeting of the Company is held within 18 months of the adoption of the Articles, it needs not be held in the year of its incorporation or immediate following year) at such time and place as may be determined by the board.

***(i) Notices of meetings and business to be conducted thereat***

An annual general meeting shall be called by notice of not less than 21 clear days and not less than 20 clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall be called by notice of at least 21 clear days and not less than 10 clear business days. All other extraordinary general meetings shall be called by notice of at least 14 clear days and not less than 10 clear business days. The notice shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business (as defined in the Articles) the general nature of that business. Notice of every general meeting shall be given to all members of the Company (except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the register of members), the Company's auditors, each Director and alternate Director, the Stock Exchange, and such other person(s) to whom such notice is required to be given in accordance with the Listing Rules.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, 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 or their proxies; 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 holding not less than ninety-five per cent. in nominal value of the issued Shares giving that right.

All business carried out at a general meeting shall be deemed special with the exception of (a) declaration and sanctioning a dividend; (b) the consideration of the accounts, balance sheets, and any report of the Directors or of the Company's auditors; (c) the election of Directors whether by rotation or otherwise in the place of those retiring; (d) the appointment of the Company's auditors and other officers; (e) the fixing of the remuneration of the company's auditors, and the voting of remuneration or extra remuneration to the Directors; (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued Shares in the capital of the Company representing not more than 20 per cent. in nominal value of its existing issued share capital; and (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

No special business shall be transacted at any general meeting without the consent of all members of the Company entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.

***(j) 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.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be one or more persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

***(k) Special/Ordinary resolution-majorities required***

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of such members as, being entitled so to do, vote in person or, in the case of such members being corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution, has been duly given in accordance with the Articles, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of such members as, being entitled to do so, vote in person or, in the case of such members being corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution, has been duly given in accordance with the Articles, or in writing by all members of the Company entitled to vote at a general meeting of the Company.

***(l) Voting rights***

Subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every fully paid Share of which he is the holder but so that no amount paid up or credited as paid up on a Share in advance of calls or installments is treated for the foregoing purposes as paid up on the Share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll, except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

If a recognized clearing house (or its nominee(s)), being a corporation, is a member of the Company it may authorize such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of Shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized clearing house (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by that clearing house (or its nominee(s)).

Where the Company has any knowledge that any shareholder is, under the Listing Rules, 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.

***(m) 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. In addition, a proxy or proxies representing either a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.

***(n) Accounts and audit***

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorized by the board or the Company in general meeting.

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 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 the Articles; however, subject to compliance with all applicable laws, rules and regulations, including the Listing Rules, the Company may send to such persons a summary financial statement derived from the Company's annual accounts and the Directors' report instead which shall be in the form and containing the information required by applicable laws and regulations, provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to a summary financial statement, a complete printed copy of the Company's annual financial statements 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.

*(o) 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 that dividends may be declared and paid out of the profits of the Company, realized or unrealized, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of Share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the Shares in respect whereof the dividend is paid but no amount paid up on a Share in advance of calls shall for this purpose be treated as paid up on the Share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any Shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared, 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 of members or addressed to such person and at such addresses as the

holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such Shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the Shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any Share shall bear interest against the Company.

***(p) Inspection of register of listed shares***

Pursuant to the Articles any Company's branch register kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as permitted under Sections 98 and 99 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the directors may determine for each inspection.

***(q) 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 moneys unpaid on the Shares held by them (whether on account of the nominal value of the Shares or by way of premium). 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 from whom the sum is due shall pay interest upon the sum at the rate of eight per cent. per annum 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 moneys uncalled and unpaid or instalments payable upon any Shares held by him, and upon all or any of the moneys so advanced the Company may pay interest at such rate (not exceeding without the sanction of an ordinary resolution, eight per cent. per annum) as may be agreed upon between the member and the board.

If a member fails to pay any call or installment of a call in respect of partly paid shares on the day appointed for payment thereof, the board may serve not less than fourteen 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 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 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 Shares and not actually paid before the date of 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 moneys which, at the date of forfeiture, were payable by him to the Company in respect of the Shares forfeited, but this liability shall cease if and when the Company receives payment in full of the amount unpaid on the Shares forfeited.

***(r) Rights of the minorities in relation to fraud or oppression***

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarized in paragraph 3(f) of this Appendix.

***(s) Procedures on liquidation***

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution, except where the Company is to be wound up voluntarily because it is unable to pay its debts as they fall due. In such case the resolution shall be an ordinary resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of Shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the Shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the Shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the authority of an ordinary 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) following the expiry of the 12 year period, the Company has caused an advertisement to be published in accordance with the Listing Rules giving notice of its intention to sell such Shares and a period of three months, or such shorter period as may be permitted by the Stock Exchange, has elapsed since the date of such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

***(u) Subscription rights reserve***

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

**3. CAYMAN ISLANDS COMPANIES LAW**

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman Islands 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 Islands company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

***(a) Operations***

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

***(b) Share Capital***

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to

the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) in any manner provided in section 37 of the Cayman Islands Companies Law; (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the “Court”), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, by special resolution reduce its share capital in any way.

The Memorandum and Articles conditionally adopted on October 6, 2013 include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

***(c) Financial Assistance to Purchase Shares of a Company or its Holding Company***

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company’s shares. Accordingly, a company may provide financial assistance if the Directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm’s-length basis.

***(d) Purchase of Shares and Warrants by a Company and its Subsidiaries***

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize the manner and terms of the purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorized by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the

Company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

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 are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. 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.

***(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, the Court may make the following orders: (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 petitioner or to do an act which the petitioner has complained it has omitted to do; (c) an order authorizing civil proceedings to be brought in the name of and on behalf of the company by the petitioner on such terms as the Court may direct; or (d) an order providing for the purchase of the shares of any members of the company by other members 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 Cayman Islands exempted company shall cause proper books of account, including, where applicable, material underlying documentation including contracts and invoices 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. A Cayman Islands exempted company shall cause all its books of account to be retained for a minimum period of five years from the date on which they are prepared.

***(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 (1999 Revision) of the Cayman Islands, the Company has applied for, and expects to receive an undertaking from the Governor-in-Cabinet:

- (i) 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
- (ii) 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 the date of its issuance. 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 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, subject to the provisions of its articles of association, 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. An exempted company may also maintain a separate register of members in respect of its listed shares. 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.

*(n) Winding Up*

A company may be wound up by either an order of the Court, voluntarily or subject to the 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 (a) when the period (if any) fixed for the duration of the company by its memorandum or articles of association expires; (b) if the event (if any) occurs, on the occurrence of which the memorandum or articles of association provide that the company is to be wound up; (c) if the company resolves by special resolution that it be wound up voluntarily; or (d) if the company resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company shall from the commencement of its winding up, cease to carry on its business except so far as it may be beneficial for its winding up.

In circumstances where a company is solvent (the directors of the company will need to provide a statutory declaration to this effect), the company can be wound up by a special resolution of its shareholders, and the liquidation will not require the supervision of the Court. Unless one or more persons have been designated as liquidator or liquidators of the company in the company's memorandum and articles of association, 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.

Alternatively, where the financial position of the company is such that a declaration of solvency cannot be given by the directors, the winding up will be initiated by an ordinary resolution of the company's shareholders and will occur subject to the supervision of the Court. In this case, a licensed insolvency practitioner will need to be appointed as liquidator (known as "an official liquidator"). The Court may 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. The Court may appoint a foreign practitioner to act jointly with a qualified insolvency practitioner. A person may qualify as an official liquidator if that person holds the qualifications specified in the Insolvency Practitioners Regulations of the Cayman Islands. The Court may appoint a foreign practitioner to act jointly with a qualified insolvency practitioner.

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 for it. At least 21 days before the meeting the liquidator must send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Cayman Islands Gazette.

**(o) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent 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. While 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) Mergers and Consolidations**

The Companies Law provides that any two or more Cayman Islands companies limited by shares (other than segregated portfolio companies) may merge or consolidate in accordance with the Companies Law. The Companies Law also allows one or more Cayman Islands companies to merge or consolidate with one or more foreign companies (provided that the laws of the foreign jurisdiction permit such merger or consolidation).

To effect a merger or consolidation of one or more Cayman Islands companies the directors of each constituent company must approve a written plan of merger or consolidation in accordance with the Companies Law. The Plan must then be authorized by each constituent company by a special resolution of members and such other authorization, if any, as may be specified in such constituent company's articles of association.

Where a Cayman Islands parent is merging with one or more of its Cayman Islands subsidiaries, shareholder consent is not required if a copy of the plan of merger is given to every member of each subsidiary company to be merged, unless that member agrees otherwise.

To effect a merger or consolidation of one or more Cayman Islands companies with one or more foreign companies, in addition to the approval requirements applicable to the merger or consolidation of Cayman Islands companies (in relation to Cayman Islands companies) only), the merger or consolidation must also be effected in compliance with the constitutional documents of, and laws of the foreign jurisdiction applicable to, the foreign companies).

***(q) Compulsory Acquisition***

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than ninety per cent of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four 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 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.

***(r) 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**

Walkers, the Company's legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarizing certain aspects of the Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section "Documents Delivered to the Registrar of Companies and available for inspection" in Appendix VII. Any person wishing to have a detailed summary of the Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**A. FURTHER INFORMATION ABOUT OUR GROUP*****1. Incorporation of Our Company***

We were incorporated in the Cayman Islands under Cayman Companies Law as an exempted company with limited liability on March 7, 2013. We have established a principal place of business in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on September 30, 2013 under the same address. Lai Siu Kuen has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As we were incorporated in the Cayman Islands, our corporate structure and Memorandum of Association and Articles of Association are subject to the relevant laws and regulations of the Cayman Islands. A summary of the relevant laws and regulations of the Cayman Islands and of the Memorandum of Association and Articles of Association is set out in the section "Summary of the Constitution of Our Company and Cayman Companies Law" in Appendix V.

***2. Changes in the Share Capital of Our Company***

As at the date of incorporation of our Company, our Company had an authorized share capital of US\$50,000, divided into 50,000 shares of a par value of US\$1.00 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- On April 19, 2013, the authorized share capital of our Company was subdivided from US\$50,000 divided in 50,000 shares of a nominal value of US\$1.00 to US\$50,000 divided into 5,000,000 shares of a nominal value of US\$0.01 each.
- On April 19, 2013, the authorized share capital of our Company was increased from US\$50,000 to US\$52,117.35 by the creation of an additional 211,735 shares with a nominal value of US\$0.01 each.
- On April 19, 2013, 78,181 shares of US\$0.01 each of our Company were allotted and issued to Brilliant Admire Limited for a consideration of US\$781.81, credited as fully paid.
- On April 19, 2013, 58,637 shares of US\$0.01 each of our Company were allotted and issued to Zhang Weifeng for a consideration of US\$586.37, credited as fully paid.
- On April 19, 2013, 26,059 shares of US\$0.01 each of our Company were allotted and issued to Zhang Liangguan for a consideration of US\$260.59, credited as fully paid.
- On April 19, 2013, 19,544 shares of US\$0.01 each of our Company were allotted and issued to Hu Weiming for a consideration of US\$195.44, credited as fully paid.
- On April 19, 2013, 13,029 shares of US\$0.01 each of our Company were allotted and issued to Praise Force Limited for a consideration of US\$130.29, credited as fully paid.



- On April 19, 2013, 13,029 shares of US\$0.01 each of our Company were allotted and issued to Tang Yanfeng for a consideration of US\$130.29, credited as fully paid.
- On April 19, 2013, 1,954 shares of US\$0.01 each of our Company were allotted and issued to Yang Fei for a consideration of US\$19.54, credited as fully paid.
- On April 19, 2013, 651 shares of US\$0.01 each of our Company were allotted and issued to Chen Peirong for a consideration of US\$6.51 credited as fully paid.
- On April 19, 2013, 651 shares of US\$0.01 each of our Company were allotted and issued to Zheng Fang for a consideration of US\$6.51, credited as fully paid.

Immediately following the completion of the Capitalization Issue, share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option, the issued share capital of our Company will be US\$12,536,914.69, divided into 1,253,691,469 Shares of US\$0.01 each, all fully paid or credited as fully paid and 8,746,308,531 Shares of US\$0.01 each will remain unissued.

Save as disclosed above and in this prospectus, there has been no alteration in the share capital of our Company since our incorporation.

### ***3. Resolutions in Writing of the Shareholders of Our Company Passed on October 6, 2013***

Pursuant to the written resolutions passed by the Shareholders on October 6, 2013:

- (a) our Company approved and adopted the Memorandum and Articles of Association with effect from the date of, and conditional upon, Listing;
- (b) the authorized share capital of our Company was increased from US\$52,117.35 to US\$100,000,000 with a nominal value of US\$0.01 each;
- (c) conditional on (1) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued, (2) the Offer Price being fixed on the Price Determination Date, (3) the execution and delivery of the International Purchase Agreement on the Price Determination Date and (4) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:
  - (i) the Global Offering was approved and the Directors were authorized to allot and issue the new Shares pursuant to the Global Offering;
  - (ii) the granting of the Over-allotment Option was approved;
  - (iii) the proposed Listing was approved and the Directors were authorized to implement the Listing;

- (iv) 906,841,890 new Shares be allotted and issued to holders of the Shares whose names appear on the register of members at the close of business on the date of this prospectus in the same proportion as their then shareholdings (save that no such holder shall be entitled to be allotted or issued any fraction of a Share) and an amount of US\$9,068,418.90 standing to the credit of our share premium account be applied to pay up in full at par such Shares;
- (v) a general unconditional mandate was granted to the Directors to allot, issue and deal with otherwise than by way of rights or pursuant to the exercise of any options which may be granted under any share option scheme or by virtue of scrip dividend schemes or similar arrangements in accordance with the articles of association of our Company, Shares with an aggregate nominal value not exceeding (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering, and (b) the aggregate nominal amount of the share capital of our Company repurchased by the Company under the authority referred to in paragraph (vi) below, such mandate to remain in effect until the earliest of (i) the conclusion of the next annual general meeting of our Company, (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held by law or under the articles of association of our Company, and (iii) the time when it is revoked or varied by an ordinary resolution of the shareholders of our Company in general meeting (the “**Applicable Period**”);
- (vi) a general unconditional mandate was granted to the Directors to exercise all powers of and on behalf of our Company to repurchase on the Stock Exchange or on any other stock exchange on which our Shares may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect during the Applicable Period; and
- (d) the adoption of the Pre-IPO Share Award Scheme was approved and the Board was authorized to allot, issue and deal with Shares pursuant to the Pre-IPO Share Award Scheme, after the date of this prospectus and the Capitalization Issue and prior to completion of the Global Offering (without taking into account the exercise of the Over-allotment option).

#### ***4. Our Corporate Reorganization***

The companies comprising the Group underwent the Reorganization in preparation for the Listing. Please refer to the section “History and Reorganization” for further details.

#### ***5. Changes in the Share Capital of Our Subsidiaries***

Our subsidiaries are referred to in the Accountant’s Report, the text of which is set out in Appendix I. Save for the subsidiaries mentioned in the Accountant’s Report, we do not have any other subsidiaries.

The following alterations in the share capital of our subsidiaries have taken place within the two years immediately preceding the date of this prospectus:

**(a) Natural Apex Limited**

On January 9, 2013, Natural Apex Limited was incorporated in the British Virgin Islands and authorized to issue a maximum of 50,000 no par value shares of a single class, all of which were allotted and issued to the Company.

**(b) Sincere Paragon Limited**

On February 5, 2013, Sincere Paragon Limited was incorporated in Hong Kong with a share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 par value each, and allotted and issued one share of HK\$1.00 par value to SBC Nominee Secretarial Limited.

On March 21, 2013, SBC Nominee Secretarial Limited transferred its one share of HK\$1.00 par value in Sincere Paragon Limited to Natural Apex Limited for a consideration of HK\$1.00. As a result, Sincere Paragon Limited became an indirectly wholly owned subsidiary of our Company.

On March 21, 2013, the registered share capital of Sincere Paragon Limited was increased from HK\$10,000 to HK\$380,000.

**(c) Hainan Jingshang Commercial Management Co., Ltd. 海南景尚商業管理有限公司**

On April 17, 2013, Hainan Jingshang Commercial Management Co., Ltd. was established in the PRC with a registered share capital of US\$2,000,000 which has been fully paid up.

**(d) Hainan Jingshen Investment Management Co., Ltd. 海南景申投資管理有限公司**

On May 14, 2013, Hainan Jingshen Investment Management Co., Ltd. was established in the PRC with a registered share capital of RMB10,000,000 which has been fully paid up.

**(e) Jingrui Properties (Group) Co., Ltd. 景瑞地產(集團)股份有限公司**

On September 8, 1993, Jingrui Properties (Group) Co., Ltd. was established in the PRC with a registered share capital of RMB15,000,000.

On March 28, 2012, the registered share capital of Jingrui Properties (Group) Co., Ltd. was increased to RMB621,079,046 which has been fully paid up.

**(f) Shanghai Chengjing Investment Co., Ltd. 上海誠景投資有限公司**

On April 28, 2010, Shanghai Chengjing Investment Co., Ltd. was established in the PRC with a registered share capital of RMB1,000,000.

On June 22, 2010, the registered share capital of Shanghai Chengjing Investment Co., Ltd. was increased from RMB1,000,000 to RMB400,000,000.

On July 27, 2012, the registered share capital of Shanghai Chengjing Investment Co., Ltd. was decreased from RMB400,000,000 to RMB40,000,000.

**(g) Chongqing Jingshang Property Co., Ltd. 重慶景尚置業有限公司**

On December 6, 2012, Chongqing Jingshang Property Co., Ltd. was established in the PRC with a registered share capital of RMB20,000,000 which has been fully paid up.

On January 9, 2013, the registered share capital of Chongqing Jingshang Property Co., Ltd. was increased to RMB51,000,000 which has been fully paid up.

On January 29, 2013, the registered share capital of Chongqing Jingshang Property Co., Ltd. was increased to RMB100,000,000 which has been fully paid up.

**(h) Tianjin Jingshang Property Investment Co., Ltd. 天津景尚置業投資有限公司**

On August 14, 2007, Tianjin Jingshang Property Investment Co., Ltd. was established in the PRC with a registered share capital of RMB10,000,000 which has been fully paid up.

On October 26, 2012, the registered share capital of Tianjin Jingshang Property Investment Co., Ltd. was increased to RMB30,000,000 which has been fully paid up.

Save as disclosed above, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

**6. Repurchases of Our Own Securities**

**(a) Provisions of the Listing Rules**

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

*(i) Shareholders' Approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on October 6, 2013 a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of not more than 10% of the aggregate nominal value of our Company’s share capital in issue immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to expire at the conclusion of our next annual general meeting, the date by which our next annual general meeting is required by the Cayman Companies Law or by our Articles of Association or any other applicable laws of the Cayman Islands to be held or when revoked or varied by an ordinary resolution of Shareholders in general meeting, whichever first occurs.

*(ii) Source of Funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles of Association of our Company and the Listing Rules and the applicable laws of the Cayman Islands. 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. Subject to the foregoing, any repurchases by our Company may be made out of the profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

*(iii) Trading Restrictions*

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

*(iv) Status of Repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

*(v) Suspension of Repurchase*

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

*(vi) Reporting Requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

*(vii) Connected Persons*

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates and a connected person is prohibited from knowingly selling his securities to the company.

**(b) Reasons for Repurchases**

The Directors believe that the ability to repurchase Shares is in the interests of our Company and the Shareholders. Repurchases may, depending on the circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

**(c) Funding of Repurchases**

In repurchasing securities, our Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

There could be a material adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Company.

**(d) General**

The exercise in full of the repurchase mandate, on the basis of 1,253,691,469 Shares in issue immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering and assuming the Over-allotment Option is not exercised, could accordingly result in up to approximately 125,369,146 Shares being repurchased by our Company during the period prior to:

- (i) the conclusion of our next annual general meeting; or
- (ii) the end of the period within which we are required by any applicable law or our Articles of Association to hold our next annual general meeting; or
- (iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and applicable laws.

If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the public being reduced to less than 25% (or a higher percentage upon completion of the exercise of the Over-allotment Option) of the Shares then in issue could only be implemented if the Stock Exchange agreed to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

## **B. FURTHER INFORMATION ABOUT OUR BUSINESS**

### *1. Summary of Material Contracts*

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this prospectus and are or may be material:

- (a) an Equity Transfer Agreement dated May 15, 2013 entered into between Hainan Jingshen and Yangpu Wanbaolong, pursuant to which Hainan Jingshen agreed to purchase the 39.6485% equity interest in Jingrui Properties (Group) from Yangpu Wanbaolong for a consideration of RMB155,708,700;
- (b) an Equity Transfer Agreement dated May 15, 2013 entered into between Hainan Jingshen and Yangpu Saiente, pursuant to which Hainan Jingshen agreed to purchase the 40.0516% equity interest in Jingrui Properties (Group) from Yangpu Saiente for a consideration of RMB157,291,730;
- (c) the Deed of Non-Competition;
- (d) the Deed of Indemnity;
- (e) the cornerstone investment agreement dated October 15, 2013 entered into between the Company, the Joint Global Coordinators, Dalvey Asset Holding Ltd and RRJ Capital Master Fund II, L.P. as described in the section “Cornerstone Investor”; and
- (f) the Hong Kong Underwriting Agreement.








## 2. Intellectual Property Rights of the Group

As of the Latest Practicable Date, we have registered or have applied for the registration of the following intellectual property rights which are material in relation to our business.









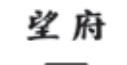


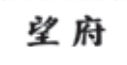


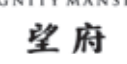
### (a) Trademarks




As of the Latest Practicable Date, we have registered the following trademarks which are material to our business:

No.	Trademark	Type and Class	Registered Owner	Place of Registration	Registration Number	Registration Date
1		36	Jingrui Properties (Group) Co., Ltd.	PRC	3184914	February 14, 2004
2		35	Jingrui Properties (Group) Co., Ltd.	PRC	5518830	September 28, 2009
3		42	Jingrui Properties (Group) Co., Ltd.	PRC	5518837	September 28, 2009
4		37	Jingrui Properties (Group) Co., Ltd.	PRC	5518833	November 28, 2009
5	景瑞地产	37	Jingrui Properties (Group) Co., Ltd.	PRC	5518834	November 28, 2009
6	JINGRUI	37	Jingrui Properties (Group) Co., Ltd.	PRC	5518835	November 28, 2009
7		36	Jingrui Properties (Group) Co., Ltd.	PRC	5518832	February 14, 2010
8	JINGRUI	35	Jingrui Properties (Group) Co., Ltd.	PRC	5518831	May 7, 2010
9	JINGRUI	42	Jingrui Properties (Group) Co., Ltd.	PRC	5518836	May 7, 2010

As at the Latest Practicable Date, we have applied for the registration of the following trademarks which are material to our business:

No.	Trademark	Name of Applicant	Type and Class	Application Date	Application Number	Place of Application
1	望府	Jingrui Properties (Group) Co., Ltd.	6	December 12, 2012	11882135	PRC
2	望府	Jingrui Properties (Group) Co., Ltd.	19	December 13, 2012	11888988	PRC
7	望府	Jingrui Properties (Group) Co., Ltd.	36	December 18, 2012	11910044	PRC

No.	Trademark	Name of Applicant	Type and Class	Application Date	Application Number	Place of Application
8		Jingrui Properties (Group) Co., Ltd.	37	December 18, 2012	11910353	PRC
10		Jingrui Properties (Group) Co., Ltd.	42	December 18, 2012	11911884	PRC
12		Jingrui Properties (Group) Co., Ltd.	6	December 12, 2012	11882109	PRC
13		Jingrui Properties (Group) Co., Ltd.	19	December 13, 2012	11888833	PRC
18		Jingrui Properties (Group) Co., Ltd.	36	December 18, 2012	11910198	PRC
19		Jingrui Properties (Group) Co., Ltd.	37	December 18, 2012	11910943	PRC
21		Jingrui Properties (Group) Co., Ltd.	42	December 18, 2012	11911876	PRC
23	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	6	December 12, 2012	11882168	PRC
24	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	19	December 13, 2012	11889013	PRC
29	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	36	December 18, 2012	11910283	PRC
30	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	37	December 18, 2012	11910920	PRC
32	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	42	December 18, 2012	11911892	PRC
34	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	6	December 12, 2012	11882179	PRC
35	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	19	December 13, 2012	11889026	PRC
40	 DIGNITY MANSION	Jingrui Properties (Group) Co., Ltd.	36	December 17, 2012	11904103	PRC

No.	Trademark	Name of Applicant	Type and Class	Application Date	Application Number	Place of Application
41	 DIGNITY MANSION 望府	Jingrui Properties (Group) Co., Ltd.	37	December 18, 2012	11910889	PRC
43	 DIGNITY MANSION 望府	Jingrui Properties (Group) Co., Ltd.	42	December 18, 2012	11911902	PRC
45		the Company	19, 35, 36, 37 and 42	September 2, 2013	302724156	Hong Kong

**(b) Copyright**

As at the Latest Practicable Date, we have applied for the registration of the following copyright:

No.	Registrant	Copyright	Application Number	Filing Date
1	Jingrui Properties (Group) Co., Ltd.	望府	2012Z11S026596	December 26, 2012
2	Jingrui Properties (Group) Co., Ltd.	望府	2012Z11S026597	December 26, 2012

**(c) Domain Names**

As at the Latest Practicable Date, we have registered the following domain names:

No.	Domain Name	Registrant	Date of Registration	Expiry Date
1	jingruis.com	Jingrui Properties (Group) Co., Ltd.	November 5, 2001	November 5, 2021
2	jingruis.com.cn	Jingrui Properties (Group) Co., Ltd.	May 10, 2004	May 10, 2019
3	景瑞集團•中國	Jingrui Properties (Group) Co., Ltd.	June 21, 2007	June 21, 2017
4	景瑞集團•公司	Jingrui Properties (Group) Co., Ltd.	June 21, 2007	June 21, 2017
5	景瑞集團•網絡	Jingrui Properties (Group) Co., Ltd.	June 21, 2007	June 21, 2017
6	景瑞地產.com	Jingrui Properties (Group) Co., Ltd.	May 5, 2009	May 5, 2019
7	景瑞.com	Jingrui Properties (Group) Co., Ltd.	May 9, 2004	May 9, 2019

## C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

### 1. Disclosure of Interests

#### (a) Interests of the Directors and the Chief Executive of Our Company

Immediately following the completion of the Capitalization Issue, the share issue pursuant to the Pre-IPO Share Award Scheme and the Global Offering and without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option, the interests or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are listed, will be as follows:

Name of Director	Capacity/Nature of Interest	Number of Underlying Shares	Approximate % shareholding interest immediately following the completion of the Capitalization Issue and the Global Offering
Mr. Yan.....	Interest of a controlled corporation <sup>(1)</sup>	442,346,008	35.28
Mr. Chen.....	Interest of a controlled corporation <sup>(2)</sup>	432,678,240	34.51

*Notes:*

- (1) Mr. Yan owns 100% of Beyond Wisdom Limited. Mr. Yan is therefore deemed to be interested in the 442,346,008 Shares held by Beyond Wisdom Limited.
- (2) Mr. Chen owns 100% of Decent King Limited. Mr. Chen is therefore deemed to be interested in the 432,678,240 Shares held by Decent King Limited.

**(b) Interests in Other Members of the Group**

So far as our Directors are aware, as at the Latest Practicable Date, the following persons (excluding us) are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

<u>Name of Subsidiary</u>	<u>Name of Shareholder</u>	<u>Registered Capital</u>	<u>Approximate % of Interest</u>
Chongqing Jingshang ...	Hangzhou Industrial & Commercial Trust Co., Ltd.	RMB100 million	49%
Hangzhou Jingyue .....	Hangzhou Industrial & Commercial Trust Co., Ltd.	RMB100 million	49%
Nantong Jingshang .....	Hangzhou Industrial & Commercial Trust Co., Ltd.	RMB10 million	49%
Ningbo Jingrui.....	Shanghai Dongxing Investment Holdings Co., Ltd. and Caitong Securities Co., Ltd.	RMB100 million	30%
Hangzhou Jinghang .....	Shanghai Jiacan Investment Co., Ltd.	RMB20 million	49%
Shanghai Fengxiang .....	Zhang Bei	RMB100 million	11%
Shanghai Huajiang .....	Shanghai South Real Estate Co., Ltd.	RMB100 million	30%
	Shanghai Jiading		20%
Shaoxing Jinghu .....	Hangzhou Industrial & Commercial Trust Co., Ltd.	RMB100 million	49%
Taicang Jingshang .....	Shanghai Jiading	RMB150 million	20%
	Shanghai Oasis		10%
Yangzhou Jingrui.....	Hangzhou Industrial & Commercial Trust Co., Ltd.	RMB100 million	49%
Zhuji Jingrui.....	Shanghai International Trust and Investment Co., Ltd.	RMB100 million	40%

**2. Directors' Service Contracts**

Each of our executive Directors has entered into a service agreement with us for an initial fixed period of three years commencing from the Listing Date unless terminated earlier.

Each of Qian Shi Zheng, Lo Wing Yan William and Han Jiong, our independent non-executive Directors, has entered into a letter of appointment with our Company, for an initial term of three years commencing from the Listing Date.

Save as disclosed above, none of the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

### 3. Directors' Competing Interests

None of our Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

### 4. Disclaimers

Save as disclosed in this prospectus:

- (a) none of the Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken 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 in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;
- (b) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, 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 any other member of the Group;
- (c) none of the Directors nor any of the persons listed in the section “— Other Information — Qualification of Experts” below is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;
- (d) none of the Directors nor any of the persons listed in the section “— Other Information — Qualification of Experts” below is materially interested in any contract or arrangement with the Group subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group as a whole;
- (e) save in connection with Underwriting Agreements, none of the persons listed in the section “— Other Information — Qualification of Experts” below has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (f) none of the Directors has entered or has proposed to enter into any service agreements with our Company or any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation); and
- (g) save as contemplated under the Underwriting Agreements, none of our Directors, their respective associates (as defined under the Listing Rules), or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in our Company's five largest customer and five largest suppliers.

**D. PRE-IPO SHARE AWARD SCHEME**

The following is a summary of the principal terms of the Pre-IPO Share Award Scheme as approved and adopted by our Shareholders on October 6, 2013.

The Pre-IPO Share Award Scheme aims to build up an effective incentive mechanism, attract and cultivate talent and to align the interests of our management team with those of our shareholders in order to promote our Group's strategies and growth.

Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in Shares to be issued pursuant to the Pre-IPO Share Award Scheme.

***Implementation***

Pursuant to the Pre-IPO Share Award Scheme, a total of 113 employees (each, a “**Selected Person**”) will be awarded Shares of our Company which are held by Tianyan (PTC) Limited as trustee for the benefits of the Selected Persons under the Tianyan Trust. Tianyan (PTC) Limited is a special purpose vehicle incorporated in the BVI on September 5, 2013, to act as the trustee of Tianyan Trust, for the benefit of the Selected Persons. On Listing Date, Tianyan (PTC) Limited will hold 28,207,844 Shares, representing approximately 2.25% of the total issued share capital of our Company (the “**Awarded Shares**”) immediately after completion of the Global Offering and taking no account of Shares that may be issued pursuant to exercise of Over-allotment Option. No further Shares will be issued by our Company pursuant to the Pre-IPO Share Award Scheme.

Of the 113 grantees of the Pre-IPO Share Award Scheme, 13 are regarded as our connected persons pursuant to Chapter 14A of the Listing Rules. A total of 9,769,783 Shares will be held for the benefit of these 13 grantees under the Pre-IPO Share Award Scheme, representing approximately 0.78% of our total issued capital immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

No further Shares will be transferred to Tianyan (PTC) Limited and no new Shares will be issued by our Company for the purpose of the Pre-IPO Share Award Scheme. We may, however, adopt another share award scheme or similar incentive scheme after Listing. Thereupon, we will comply with all applicable legal and regulatory requirements, including the Listing Rules, in respect of the adoption and implementation of such share award scheme or any incentive scheme(s) to be adopted.

***Vesting of the Awarded Shares***

The vesting principles of the Pre-IPO Share Award Scheme are summarised as follows:

- The Selected Persons are not entitled to exercise or enjoy the rights to, or to transfer, the Awarded Shares pending the vesting of the Awarded Shares.
- The vesting period for a Selected Person is determined based on his or her (i) performance appraisal; (ii) length of service; and (iii) seniority (if applicable).
- The Awarded Shares granted to any particular Selected Person will vest in four tranches on January 1, 2014, 2015, 2016 and 2017, respectively.

- The first vesting date for all the relevant Selected Persons is January 1, 2014.
- The Selected Persons are not required to pay any consideration for the Awarded Shares for the purpose of vesting.
- Vesting period of a Selected Person is subject to postponement in the event of unsatisfactory work performance based on his or her annual performance appraisal (if applicable).
- Prior to vesting, the Selected Persons are not entitled to the voting rights to the Awarded Shares.
- All dividends declared and paid in respect of the Awarded Shares shall be held by the Trustee for the benefit of the respective Selected Person pending vesting, and may be distributed to the Selected Person after vesting.

#### ***Triggering events for surrender of Awarded Shares***

Awarded Shares which have not vested will be deemed to have been surrendered by a Selected Person upon the occurrence of any of the following events:

- Termination of employment with or without cause;
- Dishonesty behaviour or breach of employment contract;
- Unsatisfactory performance leading to demotion and failure to satisfy the criteria for re-promotion within one year; or
- Passing away not in the course of carrying out his or her duties as an employee of our Group.

Awarded Shares deemed to have been surrendered may be re-allocated or disposed at the discretion of Tianyan (PTC) Limited.

#### ***Termination of the Pre-IPO Share Award Scheme***

The Pre-IPO Share Award Scheme shall terminate upon Listing and in such event no further Awarded Share shall be granted but the provisions of the Pre-IPO Share Award Scheme shall remain in force to the extent necessary to give effect to the vesting of any Awarded Share granted prior thereto or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Award Scheme.



**E. OTHER INFORMATION*****1. Estate duty and tax indemnity***

Each of Mr. Yan, Mr. Chen, BVI-1 and BVI-2 has entered into a deed of indemnity with and in favor of our Company (for itself and as trustee for its subsidiaries) on October 15, 2013 whereby the Controlling Shareholders have given indemnities in connection with, among other things, any liability for estate duty under the Estate Duty Ordinance, Chapter 111 of the Laws of Hong Kong, or legislation similar thereto in Hong Kong or any part of the world which might be incurred by any member of our Company on or before the Listing Date, and other taxation and all fines, penalties, charges, surcharges, costs and related interest which may be made against any member of our Company in respect of, among other things, any income, profits or gains earned, accrued or received on or before the Listing Date, save:

- (a) to the extent that specific provision or reserve has been made for such taxation in the audited consolidated accounts as set out in Appendix I;
- (b) to the extent that the liability for such taxation would not have arisen but for any act or omission of, or delay by, any member of our Group after the Listing Date; and
- (c) to the extent the taxation arises or is incurred only as a result of a retrospective change in law or regulations or the interpretation or practice thereof by any relevant authority coming into force after the Listing Date.

Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Company.

***2. Litigation***

As at the Latest Practicable Date, save as disclosed in the section “Business — Legal Proceedings”, no member of the Group was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group, that would have a material adverse effect on its business, financial condition or results of operations.

### 3. Joint Sponsors

The Joint Sponsors have 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, the Shares to be issued pursuant to the Capitalization Issue and the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), the Shares to be issued pursuant to the Pre-IPO Share Award Scheme. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

### 4. No Material Adverse Change

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since June 30, 2013 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

### 5. Qualification of Experts

The following are the qualifications of the experts who have given opinions or advice which are contained in this prospectus:

Name	Qualification
Deutsche Securities Asia Limited .....	Licensed corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
UBS Securities Hong Kong Limited.....	Licensed corporation licensed to conduct Type 1 (dealing in securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities under the SFO
PricewaterhouseCoopers .....	Certified Public Accountants
Commerce & Finance Law Offices.....	PRC Legal Advisers in relation to PRC law
DTZ Debenham Tie Leung Limited.....	Property Valuers
Walkers.....	Cayman Islands Legal Advisers

### 6. Consents of Experts

Each of Deutsche Securities Asia Limited, UBS Securities Hong Kong Limited, PricewaterhouseCoopers, Commerce & Finance Law Offices, DTZ Debenham Tie Leung Limited and Walkers has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its report and/or letter and/or summary of valuations and/or valuation certificates and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

None of the experts named above has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

**7. Promoter**

Our Company has no promoter for the purpose of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the Global Offering and the related transactions described in this prospectus.

**8. Preliminary Expenses**

The preliminary expenses incurred in connection with the incorporation of our Company were approximately HK\$16,000 and were payable by us.

**9. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance of this prospectus, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance insofar as applicable.

**10. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**11. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
  - (i) neither we nor any of our subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;
  - (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;
  - (iii) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;
  - (iv) no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any of our subsidiaries; and
  - (v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.

- (b) Our Directors confirm that:
  - (i) since June 30, 2013 (being the date on which the latest audited financial statements of the Group was made up), there has been no material adverse change in our financial or trading position or prospects;
  - (ii) there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this prospectus; and
  - (iii) our Company has no outstanding convertible debt securities or debentures.
- (c) Our principal register of members will be maintained by our principal registrar, Intertrust Corporate Services (Cayman) Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by the Hong Kong Share Registrar in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by the Hong Kong Share Registrar.
- (d) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (e) All necessary arrangements have been made enabling our Shares to be admitted into CCASS for clearing and settlement.

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## **APPENDIX VII                      DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE FOR INSPECTION**

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### **1.    DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

- (a) copies of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) a copy of each of the material contracts referred to the section “Statutory and General Information — Further Information About Our Business — Summary of Material Contracts” in Appendix VI; and
- (c) the written consents referred to in the section “Statutory and General Information — Other Information — Consents of Experts” in Appendix VI.

### **2.    DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the offices of Simpson Thacher & Bartlett, ICBC Tower, 35/F, 3 Garden Road, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the Accountant’s Report for the years ended December 31, 2010, 2011 and 2012 and the six months ended June 30, 2013 from PricewaterhouseCoopers, the text of which is set out in Appendix I;
- (c) the report on unaudited pro forma financial information of the Group from PricewaterhouseCoopers, the text of which is set out in Appendix II;
- (d) the letter, summary of valuations and valuation certificates relating to the property interests of the Group prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in Appendix III;
- (e) the legal opinions issued by Commerce & Finance Law Offices, our PRC legal adviser, dated October 21, 2013 in respect of certain aspects of the Group and the property interests of the Group;
- (f) the letter of advice prepared by Walkers, our Cayman Islands legal adviser, summarizing certain aspects of the Cayman Islands company law referred to in Appendix V;
- (g) the material contracts referred to the section “Statutory and General Information — Further Information About Our Business — Summary of Material Contracts” in Appendix VI;
- (h) the written consents referred to in the section “Statutory and General Information — Other Information — Consents of Experts” in Appendix VI;
- (i) service contracts and/or letters of appointment entered into between the Company and each of the Directors; and
- (j) the Cayman Islands Companies Law.

