



Ronshine China Holdings Limited
融信中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 3301

GLOBAL OFFERING

Sole Sponsor

ICBC 工銀國際

Sole Global Coordinator

ICBC 工銀國際

Joint Bookrunners

ICBC 工銀國際

廣發證券(香港)經紀有限公司
GF SECURITIES (HONG KONG) BROKERAGE LIMITED

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

海通國際
HAITONG

IMPORTANT

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



Ronshine China Holdings Limited 融信中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares : 337,500,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares : 33,750,000 Shares (subject to reallocation)
Number of International Offer Shares : 303,750,000 Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price : HK\$6.13 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal Value : HK\$0.00001 per Share
Stock Code : 3301

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Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, together with the documents specified under the section headed "Appendix VI—Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and us on the Price Determination Date, which is expected to be on or around Wednesday, January 6, 2016 or such later date as may be agreed between the parties, but in any event no later than Monday, January 11, 2016. The Offer Price will not be more than HK\$6.13 per Offer Share and is expected to be not less than HK\$5.36 per Offer Share. Investors applying for the Hong Kong Offer Shares must pay the maximum Offer Price of HK\$6.13 per Offer Share, together with brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price shall be lower than HK\$6.13 per Offer Share. The Sole Global Coordinator (on behalf of the Hong Kong Underwriters) may, with our consent, reduce the number of Offer Shares and/or the indicative Offer Price range stated above in this prospectus at any time 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 number of Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) as soon as practicable following the decision to make such a reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. If applications for the Hong Kong Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced. If, for whatever reason, the Sole Global Coordinator and us are unable to agree on the Offer Price by Monday, January 11, 2016, the Global Offering will not proceed and will lapse.

Prospective investors of the Offer Shares should note that the Hong Kong Underwriters are entitled to terminate its obligations under the Hong Kong Underwriting Agreement by notice in writing to us given by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters), upon occurrence of any of the events set forth in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the day trading in our Shares commences on the Stock Exchange.

Prior to making an investment decision, prospective investors should consider carefully all the information set forth in this prospectus, including but not limited to the risk factors set forth in the section headed "Risk Factors" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law of the United States and may not be offered or sold, pledged or transferred within the United States except that the Offer Shares may be offered, sold or delivered outside the United States in reliance on Regulation S under the U.S. Securities Act.

December 31, 2015

EXPECTED TIMETABLE⁽¹⁾

Application Lists open⁽²⁾ 11:45 a.m. on Wednesday, January 6, 2016

Latest time for lodging **WHITE** and **YELLOW**

Application Forms. 12:00 noon on Wednesday, January 6, 2016

Latest time to give **electronic application instructions**

to HKSCC⁽⁴⁾ 12:00 noon on Wednesday, January 6, 2016

Latest time to complete electronic application

under **White Form eIPO** service through

the designated Website www.eipo.com.hk⁽³⁾ 11:30 a.m. on Wednesday, January 6, 2016

Latest time to complete payment of **White Form eIPO**

Applications by effecting internet banking

transfers or PPS payment transfer(s) 12:00 noon on Wednesday, January 6, 2016

Application Lists close⁽²⁾ 12:00 noon on Wednesday, January 6, 2016

Expected Price Determination Date⁽⁵⁾ Wednesday, January 6, 2016

Announcement of

- the Offer Price;
- the level of applications in the Hong Kong Public Offering;
- the level of indications of interest in the International Offering; and
- the basis of allotment of the Hong Kong Offer
Shares to be published in South China Morning Post
(in English) and Hong Kong Economic Times (in Chinese)
and on the websites of the Stock Exchange at
www.hkexnews.hk and our Company at
www.rongxingroup.com on or before Tuesday, January 12, 2016

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, including the websites of the
Stock Exchange at www.hkexnews.hk and our

Company at www.rongxingroup.com (see the section
headed "How to Apply for Hong Kong Offer Shares—

11. Publication of results") from Tuesday, January 12, 2016

EXPECTED TIMETABLE⁽¹⁾

Results of allocations of the Hong Kong Public Offering
(including successful applicants' identification document
numbers, where appropriate) to be available through
a variety of channels (see the section headed

"How to Apply for Hong Kong Offer Shares—

11. Publication of results" in this prospectus) from Tuesday, January 12, 2016

Results of allocations in the Hong Kong Public Offering

will be available at www.iporesults.com.hk,

with a "search by ID" function. Tuesday, January 12, 2016

Dispatch of Share certificates or deposit of

the Share certificates into CCASS on or before⁽⁶⁾ Tuesday, January 12, 2016

Dispatch of White Form e-Refund payment

instructions/refund cheques (if applicable) on or before⁽⁶⁾ Tuesday, January 12, 2016

Dealings in the Shares on the Main Board to commence on Wednesday, January 13, 2016

Notes:

- (1) All times and dates refer to Hong Kong time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set forth in the section headed "Structure of the Global Offering" in this prospectus.
- (2) If there is a "**black**" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, January 6, 2016, the Application Lists will not open or close on that day. Further information is set forth in the section headed "How to Apply for Hong Kong Offer Shares—10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.
- (3) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the Application Lists close.
- (4) Applicants who apply for Hong Kong Offer Shares by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for Hong Kong Offer Shares—6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.
- (5) The Price Determination Date is expected to be on or around Wednesday, January 6, 2016 and, in any event, not later than Monday, January 11, 2016. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and our Company by Monday, January 11, 2016, the Global Offering will not proceed and will lapse.

EXPECTED TIMETABLE⁽¹⁾

- (6) e-Refund payment instructions/refund cheques will be issued in respect of wholly successful applications if the final Offer Price is less than the Offer Price payable on application and wholly or partially unsuccessful applications. Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by their Application Form, may collect their Share certificates and/or refund cheques (where applicable) in person from the Hong Kong Share Registrar between 9:00 a.m. and 1:00 p.m. on Tuesday, January 12, 2016 or on the date notified by our Company as the date of dispatch of Share certificates and refund cheques. Applicants being individuals who opt for collection in person must not authorize any other person to make their collection on their behalf. Applicants being corporations that opt for collection in person must attend by their authorized representatives bearing letters of authorization from their corporations stamped with the corporation's chop. Both individuals and authorized representatives, as the case may be, must produce at the time of collection evidence of identity acceptable to the Hong Kong Share Registrar. If an applicant has opted for collection in person but does not collect the Share certificate and/or refund cheque (where applicable) by 1:00 p.m. on Tuesday, January 12, 2016, the Share certificate and/or refund cheque (where applicable) will be sent to the address as it appeared on the relevant Application Form in the afternoon on the date of dispatch by ordinary post at the applicant's own risk.

Applicants who apply through the White Form eIPO service by paying the application monies through a single bank account, may have e-Refund payment instructions (if any) dispatched to their application payment bank account. Applicants who apply through the **White Form eIPO** service by paying the application monies through multiple bank accounts, may have refund cheque(s) sent to the address specified in their application instructions to the designated **White Form eIPO** Service Provider by ordinary post and at their own risk.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more and have provided all information required by their Application Form, may collect their refund cheques (where applicable) in person from the Hong Kong Share Registrar between 9:00 a.m. and 1:00 p.m. on Tuesday, January 12, 2016 or on the date notified by our Company as the date of dispatch of refund cheques. The procedure for collection of the refund cheque (where applicable) is the same as that for **WHITE** Application Form applicant. Share certificate for successful applicant using **YELLOW** Application Form will be deposited into CCASS for credit to the applicant's investor participant stock account or the stock account of the applicant's designated CCASS participant. Detailed arrangements are set forth in the section headed "How to Apply for Hong Kong Offer Shares—14. Dispatch/collection of Share certificates and refund monies" in this prospectus.

For Applicants who apply for less than 1,000,000 Hong Kong Offer Shares, their Share certificate and/or refund cheque (where applicable) will be sent to the address as it appeared on the relevant Application Form in the afternoon on the date of dispatch by ordinary post at the applicant's own risk.

Our Company will not issue any temporary documents of title in respect of the Offer Shares. Share certificates will become valid certificates of title only if the Global Offering has become unconditional and the Underwriting Agreements have not been terminated in accordance with their respective terms, which is expected to be not later than 8:00 a.m. on Wednesday, January 13, 2016.

Prospective investors of the Offer Shares should note that the Underwriters are entitled to terminate their obligations under the Underwriting Agreements by notice in writing to us given by the Sole Global Coordinator (on behalf of the Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting—Underwriting Arrangements and Expenses—Hong Kong Public Offering—Grounds for Termination" in this prospectus at any time prior to 8:00 a.m. on the day trading in our Shares commences on the Stock Exchange.

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IMPORTANT NOTICE TO INVESTORS

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

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Sole Global Coordinator, the Joint Bookrunners, the Sole Sponsor, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents or representatives or any other parties involved in the Global Offering.

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SUMMARY AND HIGHLIGHTS

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Hong Kong Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Hong Kong Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Hong Kong Offer Shares. Various expressions used in this section are defined or explained in the section headed “Definitions” in this prospectus.

OVERVIEW

We are a property developer in the PRC, focusing on the development of residential properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities. The Western Taiwan Straits Economic Zone is an area centering on the coastal areas of Fujian province known for entrepreneurship and economic growth. We believe we have a leading market position in Fujian province and Fuzhou, the capital city of Fujian province. We were ranked first in Fujian province on the “Top 20 Real Estate Developers in Fujian province in 2015” list and 33rd nationwide on the “Top 50 Real Estate Developers in China in 2015” list, jointly compiled by China Real Estate Research Association, China Real Estate Industry Association and China Real Estate Evaluation Center based on a comprehensive set of criteria, including size, risk management, profitability, growth potential, operating results, innovation and social responsibility. According to CRIC, based on pre-sale data reported by developers to the Fuzhou Real Estate Transaction Center as required by local regulations, we ranked first in the urban districts (namely, Gulou, Taijiang, Cangshan, Mawei and Jin’an) of Fuzhou in terms of pre-sales for the year ended December 31, 2014.*

Headquartered in Fuzhou, we commenced our business in 2003 and have historically focused our property development in the Western Taiwan Straits Economic Zone, capturing the opportunities presented by its rapidly growing economy. We have a well-established development portfolio in this area, including projects in Fuzhou, Zhangzhou and Xiamen. Leveraging our success and experience in the Western Taiwan Straits Economic Zone, we have expanded into Shanghai and Hangzhou, important economic centers in the Yangtze River Delta. We intend to solidify our market position in the Western Taiwan Straits Economic Zone and enhance our position in Shanghai and Hangzhou while further expanding in a prudent manner into other first- and second-tier cities.

* For purposes of this ranking, all pre-sale results of Shiou Group, our 50%-owned joint venture, were attributed to us. Our ranking would remain first with only 50% of the pre-sale results of Shiou Group attributed to us, based on our internal calculations. For more information on how Shiou Group affects our business, financial condition and results of operations, see the sections headed “Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Share of Profits of Investments Accounted for Using the Equity Method, net—Shiou Group” and “Risk Factors—Risks Relating to Our Business—We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition” beginning on page 314 and page 44, respectively, in this prospectus.

SUMMARY AND HIGHLIGHTS

We believe our success is attributable to our product quality and strong brand name. We focus on developing properties that cater to the demand of our target customers for high-quality homes that feature appealing designs, convenience and comfort, and adjust our property offerings based on customer feedback through market surveys and research on the latest market trends and development. As a result, we have received various awards in recognition of our product quality and our achievements as a property developer. We also strive to shorten our project development cycle to improve our operating efficiency, expedite asset turnover, enhance liquidity position and achieve sustainable growth, by adopting standardized property development procedures and closely monitoring the entire property development cycle. We typically target to commence pre-sale of a property within 130 days from the commencement of construction.

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our revenue was RMB1,291.1 million, RMB2,128.9 million, RMB4,099.2 million, RMB902.6 million and RMB2,106.5 million, respectively, and the profit attributable to our owners was RMB187.5 million, RMB517.7 million, RMB506.5 million, RMB197.9 million and RMB288.8 million, respectively.

DESCRIPTION OF BUSINESS MODEL

We are primarily engaged in the development of mid- to high-end residential properties targeting middle to upper-middle income households with a demand for home upgrades. We also develop commercial properties integrated with or in the vicinity of our residential properties, including office buildings, retail shops and other commercial properties, which we believe will not only diversify our source of income, but also enhance the attractiveness of and facilitate demand for our residential properties. We intend to selectively sell certain commercial properties and hold others as long-term investments. We do not maintain a construction capacity and outsource construction works of all our property development projects to qualified third-party general construction contractors. Such construction contractors were our primary suppliers during the Track Record Period. Our business relationship with our five largest suppliers ranges from three to six years. See the section headed “Business—Suppliers and Customers—Suppliers” on page 237 in this prospectus. Our promotion channels primarily include advertising through newspapers, television, radio, internet, billboards, magazines and mobile phone text messages. We employ our own sales force to conduct marketing activities and generally engage professional property sales agencies and advertising design agencies in China to assist us in our sales campaigns.

SUMMARY AND HIGHLIGHTS

Property Development Projects

As of October 31, 2015, we had 21 projects at various stages of development. In addition to developing projects through our subsidiaries, we developed a number of projects jointly with other developers and operated one project with another developer in which we had no control during the Track Record Period. The table below sets forth a breakdown of these categories of projects as of October 31, 2015:

	<u>Number of projects</u>	<u>Total GFA attributable to us</u>	
		(sq.m.)	(%)
Projects held by our subsidiaries.....	21	4,388,103	72.8
Projects held by our joint ventures	12	1,433,654	23.8
Projects held by our associated company	<u>1</u>	<u>208,044</u>	<u>3.4</u>
	<u>34</u>	<u>6,029,801</u>	<u>100.0</u>

As of October 31, 2015, the projects we developed through our subsidiaries had an estimated total GFA attributable to us of approximately 4.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.2 million sq.m., properties under development with an aggregate GFA attributable to us of approximately 2.9 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 1.3 million sq.m.

SUMMARY AND HIGHLIGHTS

The table below sets forth selected details of our property development projects developed by our subsidiaries as of October 31, 2015:

		COMPLETED			UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT		
Project		Group's beneficial interest	GFA completed	Saleable GFA	Saleable GFA remaining unsold	Planned GFA under development	Planned saleable GFA	Planned saleable GFA pre-sold	Estimated GFA	Estimated GFA without land use rights certificates
		(%)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)
FUZHOU										
1	Rongxin Super Star City Phase I (融信•第一城一期)	100%	92,666	— ⁽¹⁾	860	—	—	—	—	—
2	Rongxin Super Star City Phase III (融信•第一城三期)	100%	92,558	— ⁽¹⁾	720	—	—	—	—	—
3	Rongxin Spanish (融信•西班牙)	100%	109,761	— ⁽¹⁾	221	—	—	—	—	—
4	Broad View (融信•寬域)	100%	163,238	— ⁽¹⁾	2,502	—	—	—	—	—
5	David City (融信•大衛城)	100%	430,355	405,665	32,817	—	—	—	—	—
6	Lan County (融信•瀾郡)	100%	269,859	262,594	60,600	—	—	—	—	—
7	The White House (融信•白宮)	91% ⁽²⁾	—	—	—	407,424	335,573	140,394	—	—
8	Pingtan David City (融信•平潭大衛城)	51% ⁽³⁾	—	—	—	426,928	322,579	174,114	—	—
9	The Coast (融信•後海)	100% ⁽²⁾	—	—	—	165,979	147,787	64,433	—	—
10	The Twin Harbor City (融信•雙杭城)	100% ⁽²⁾	—	—	—	233,844	202,175	27,550	271,801	516,344
11	The Long Island (長樂•長島)	100% ⁽²⁾	—	—	—	207,740	179,927	—	36,021	465,092
Subtotal			1,158,437	668,259	97,721	1,441,916	1,188,041	406,491	307,822	981,436
Attributable subtotal ⁽⁴⁾			1,158,437	668,259	97,721	1,196,053	999,776	308,540	307,822	981,436
XIAMEN										
12	Ocean City (融信•海上城)	100% ⁽²⁾	130,711	126,535	126,535	298,944	202,100	80,998	1,000	—
Attributable subtotal ⁽⁴⁾			130,711	126,535	126,535	298,944	202,100	80,998	1,000	—
ZHANGZHOU										
13	Lan Garden (融信•瀾園)	100%	180,941	170,491	5,383	141,350	121,926	120,526	—	—
14	Festival City (融信•觀山海)	100% ⁽²⁾	—	—	—	272,969	268,311	63,162	—	—
15	Future City (融信•未來城)	100%	—	—	—	155,424	146,131	37,421	—	—
16	College City (學院名築)	100% ⁽²⁾	—	—	—	180,732	171,508	17,559	—	—
17	Zhangzhou Harbor B8 Lot (漳州港B8)	100% ⁽²⁾	—	—	—	138,553	126,819	—	—	—
Subtotal			180,941	170,491	5,383	889,028	834,695	238,667	—	—
Attributable subtotal ⁽⁴⁾			180,941	170,491	5,383	889,028	834,695	238,667	—	—
SHANGHAI										
18	Imperial Villa (融信•鎋灣)	51% ⁽³⁾	—	—	—	203,772	158,818	46,620	—	—
Attributable subtotal ⁽⁴⁾			—	—	—	103,924	80,997	23,776	—	—
HANGZHOU										
19	Blue Peacock Phase I (杭州藍孔雀一期)	51% ⁽²⁾⁽³⁾	—	—	—	124,177	120,670	35,618	—	—
20	Blue Peacock Phase II (杭州藍孔雀二期)	51% ⁽²⁾⁽³⁾	—	—	—	204,115	190,401	18,289	—	—
21	Hangzhou Mansion (杭州公館)	100% ⁽²⁾	—	—	—	212,829	156,436	16,951	—	—
Subtotal			—	—	—	541,120	467,507	70,859	—	—
Attributable subtotal ⁽⁴⁾			—	—	—	380,258	315,082	44,444	—	—
Total			1,470,089	965,285	229,639	3,374,781	2,851,161	843,635	308,822	981,436
Attributable total ⁽⁴⁾			1,470,089	965,285	229,639	2,868,207	2,432,650	696,425	308,822	981,436

Notes:

- (1) These are legacy projects substantially sold out save for the residual saleable GFA unsold shown in the next column.
- (2) A portion of our equity interest in this project was transferred in favor of trust companies or other financial institutions in relation to certain of our trust and other borrowings. See the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and other borrowings” on page 347 in this prospectus.
- (3) Our beneficial interest in this project was reduced to 51% after the completion of Fujian Ou Construction’s investment. See the section headed “Recent Developments—Developments in Our Business” on page 18 in this prospectus.
- (4) As weighted by the Group’s beneficial interest.

SUMMARY AND HIGHLIGHTS

As of October 31, 2015, our properties held for future development included an aggregate estimated GFA attributable to us of approximately 1.0 million sq.m. for which we had not obtained land use rights certificates but had entered into land grant contracts and had either paid the relevant land premiums and were awaiting the relevant government agencies to issue the land use rights certificates or had not paid the relevant land premiums because (a) the relevant local governments had extended the relevant payment period as they had not completed resettlement and infrastructure work in relation to the land parcels or (b) the relevant land premiums had not become due.

See the section headed “Business—Our Property Development Business—Projects Developed Through Our Subsidiaries” on page 181 in this prospectus.

The table below sets forth selected details of property development projects developed by our joint ventures and associated company as of October 31, 2015:

Project	Group's beneficial interest	COMPLETED				UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT	
		GFA completed	Saleable GFA	Saleable GFA remaining unsold	GFA held for investment	Planned GFA under development	Planned saleable GFA	Planned saleable GFA pre-sold	Estimated GFA	Estimated GFA without land use rights certificates
	(%)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)
<i>By Joint Ventures</i>										
FUZHOU										
1 Beyond City (世歐彼岸城)	40% ⁽¹⁾	302,616	302,615	2,685	—	—	—	—	—	—
2 Riverside City (世歐上江城)	50%	236,983	236,983	7,342	—	—	—	—	—	—
3 Lan Hill (世歐蘭山)	50%	168,758	148,939	11,196	—	—	—	—	—	—
4 Show Kingdom (世歐王莊)	50%	1,133,354	866,049	145,764	234,086	476,865	381,144	226,154	—	—
5 West Coast (融信·陽光城西海岸)	50%	—	—	—	—	433,356	390,770	256,990	—	—
Subtotal		1,841,711	1,554,586	166,987	234,086	910,221	771,914	483,145	—	—
Attributable subtotal ⁽²⁾		890,594	747,032	83,225	117,043	455,110	385,957	241,572	—	—
ZHANGZHOU										
6 Imperial Land (一品江山)	50%	—	—	—	—	315,176	279,395	30,235	1,039	—
Subtotal		—	—	—	—	315,176	279,395	30,235	1,039	—
Attributable subtotal ⁽²⁾		—	—	—	—	157,588	139,698	15,118	519	—
SHANGHAI										
7 French Legend (融信·法蘭西世家一期、二期、三期)	50%	—	—	—	—	174,863	133,812	72,979	—	—
8 Shanghai Xujing Project (徐涇鎮會展中心3地塊一期、二期、三期、四期)	50%	—	—	—	—	800,696	655,967	26,915	—	—
9 Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402單元41-02地塊)	50%	—	—	—	—	91,020	65,073	698	—	—
10 Shanghai Huacao Lot II (閔行區華漕鎮MHPO-1402單元35-01地塊)	50%	—	—	—	—	—	—	—	48,227	—
11 Shanghai Huacao Lot III (閔行區華漕鎮MHPO-1402單元36-01地塊)	25%	—	—	—	—	—	—	—	37,573	—
12 Shanghai Huacao Lot IV (閔行區華漕鎮MHPO-1402單元42-01地塊)	50%	—	—	—	—	—	—	—	—	106,744
Subtotal		—	—	—	—	1,066,579	854,852	100,592	85,799	106,744
Attributable subtotal ⁽²⁾		—	—	—	—	533,290	427,426	50,296	33,507	53,372
Total		1,841,711	1,554,586	166,987	234,086	2,291,976	1,906,161	613,972	86,838	106,744
Attributable total ⁽²⁾		890,594	747,032	83,225	117,043	1,145,988	953,081	306,986	34,026	53,372
<i>By Associated Company</i>										
ZHANGZHOU										
1 Zhangzhou Wanke City (漳州萬科城)	20%	—	—	—	—	450,162	412,402	189,287	395,315	194,744
Attributable total ⁽³⁾		—	—	—	—	90,032	82,480	37,857	79,063	38,949

Notes:

- (1) Beyond City was one of the projects developed by Shiou Group, in which we hold a 50% equity interest. By agreement with our joint venture partner, we hold a 40% economic interest in this project.
- (2) As weighted by the Group's beneficial interest.

See the section headed “Business—Our Property Development Business—Projects Held by Our Joint Ventures and Associated Company” on page 207 in this prospectus.

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Our involvement in the management and operations of the joint ventures and associated company varies from case to case. For details, see the section headed “History, Reorganization and Group Structure—Our Joint Ventures and Associated Company” on page 152 in this prospectus.

We account for our interests in our joint ventures and associated company using the equity method. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, we recorded “share of profits of investments accounted for using the equity method, net” of RMB130.6 million, RMB324.2 million, RMB240.7 million, RMB188.0 million and RMB116.8 million, respectively, accounting for 49.7%, 42.7%, 28.9%, 71.0% and 25.2%, respectively, of our profit before income tax. For details, see the section headed “Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Share of Profits of Investments Accounted for Using the Equity Method, net” on page 314 in this prospectus.

Shiou Property, our main 50%-50% joint venture with Zhenro Group Company Limited (正榮集團有限公司) (“Zhenro Group”), together with its subsidiaries, accounted for a majority of “our share of profits of investments accounted for using the equity method, net” and had a significant impact on our overall profitability as well during the Track Record Period. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, Shiou Group had a total comprehensive income of RMB262.2 million, RMB654.5 million, RMB514.2 million, RMB387.5 million and RMB282.8 million, respectively. Accordingly, our share of profits from Shiou Group was RMB130.7 million, RMB326.8 million, RMB257.1 million, RMB193.7 million and RMB141.4 million for the same periods, respectively, accounting for 49.7%, 43.0%, 30.8%, 73.2% and 30.6% of our profit before income tax for the same periods, respectively. Zhenro Group is a property developer in the PRC, focusing on the development of city complexes. We understand that Zhenro Group is currently developing projects located in 12 cities, of which two (Fuzhou and Shanghai) overlap with those of our Group. Zhenro Group is wholly owned by a brother of our Controlling Shareholder, Mr. Ou, and his son, and therefore is a connected person of our Group. For more information on Shiou Group and our relationship with Zhenro Group, see the section headed “History, Reorganization and Group Structure—Our Joint Ventures and Associated Company” on page 152 in this prospectus. See also the section headed “Risk Factors—Risks Relating to Our Business—We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition” on page 44 in this prospectus.

Resettlement Property Construction Contracts

The total attributable GFA of our projects as of October 31, 2015 of approximately 4.4 million sq.m. included an estimated total GFA attributable to us of approximately 788,000 sq.m., comprising completed properties held for sale with an aggregate GFA attributable to us of approximately 30,000 sq.m., properties under development with an aggregate GFA attributable to us of approximately 74,000 sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 684,000 sq.m., that corresponded to resettlement housing that we undertook to construct under contracts with local PRC governments.

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The construction of such resettlement housing was typically included by the relevant local PRC governments as part of the package for the acquisition of related parcels of land for commercial development. We record revenue from such source as “revenue from construction contracts,” which accounted for an insignificant percentage of our revenue during the Track Record Period. The profit margin of such construction contracts is relatively low. However, since undertaking these construction contracts was a prerequisite to acquiring the relevant land parcels for property development, we would bid for the land parcels (and would be obliged to undertake such contracts if we succeed) if the economic return from such property development projects as a whole (taking the obligation to undertake such contracts into consideration) appeared attractive to us.

For business and financial details of such construction contracts, including our accounting treatment, see the sections headed “Business—Construction of Resettlement Housing,” “Financial Information—Critical Accounting Policies and Estimates—Revenue Recognition—Construction Contracts” and “Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Revenue” beginning on page 231, page 305 and page 309, respectively, in this prospectus. Some of our joint ventures and associated company had similar construction contracts during the Track Record Period.

OUR COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES

We believe that our market position is principally attributable to the following competitive strengths:

- strong development capabilities with a track record of success in developing mid- to high-end residential properties in the Western Taiwan Straits Economic Zone;
- quality land bank providing long-term development and growth opportunities;
- strong execution capabilities underpinned by standardized development procedures targeting to expedite asset turnover and enhance operating efficiency;
- well-recognized brand name with high quality projects facilitating the expansion into new markets; and
- visionary, motivated and stable management team supported by experienced professionals and motivated workforce.

We aim to become one of the most competitive and influential property developers in the PRC. To achieve this goal, we intend to implement the following strategies:

- enhance our presence in existing markets and strategically expand into other first- and second-tier cities while maintaining financial stability;
- adhere to prudent financial policy and adopt proactive approach to capital structure management;

SUMMARY AND HIGHLIGHTS

- continue to improve operating efficiency and expedite asset turnover;
- continue to focus on residential property development while pursuing product diversification; and
- continue to promote our brand recognition and image.

See the sections headed “Business—Our Business Strengths” and “Business—Our Business Strategies” beginning on page 170 and page 174, respectively, in this prospectus. We intend to grow our business organically. We do not currently have any acquisition plans or targets but may engage in potential acquisitions if suitable opportunities arise in the future.

OUR SHAREHOLDERS

Immediately prior to the Global Offering, our Company was wholly owned by Dingxin, a wholly owned subsidiary of Honesty Global Holdings Limited, which is in turn wholly owned by the trustee of the Ou Family Trust. Upon completion of the Global Offering, assuming no exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme, our Company will be 75%-owned by Dingxin and 25%-owned by the public. Mr. Ou, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin will continue to be our Controlling Shareholders after the Global Offering.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We expect to continue certain transactions with certain connected persons after Listing, which will constitute non-exempt continuing connected transactions for our Group under Chapter 14A of the Listing Rules. Among others, the transactions with Rongxin Fujian Property Management for the management and related services to the display units, sales offices and community clubhouses of our property development projects are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules. We had also entered into a number of trust and other financing arrangements during the Track Record Period, some of which are type (iii) arrangements involving share transfer and share pledge of our project companies and remained subsisting as of the Latest Practicable Date. For details of our trust and other financing arrangements, please see the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and Other Borrowings” on page 347 in this prospectus. Such subsisting type (iii) arrangements will continue after Listing and are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

We have applied for and the Stock Exchange has granted a waiver from strict compliance with the announcement and independent Shareholders’ approval (where applicable) requirements under the Listing Rules, subject to certain conditions specified therein. For more information, please see the section headed “Connected Transactions” on page 267 in this prospectus.

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SELECTED RESULTS OF OPERATIONS

We derived most of our revenue from sales of properties during the Track Record Period. The following tables set forth our revenue breakdown by segment and our key results of operations from sale of properties during the Track Record Period:

	For the year ended December 31,						For the six months ended			
							June 30,			
	2012		2013		2014		2014		2015	
	(unaudited)									
	(RMB in thousands, except for percentages)									
Revenue										
Sales of properties.....	1,265,073	98.0%	2,075,439	97.5%	3,996,186	97.5%	878,936	97.4%	2,073,632	98.4%
Construction contracts	26,054	2.0%	53,459	2.5%	103,044	2.5%	23,700	2.6%	32,883	1.6%
	<u>1,291,127</u>	<u>100%</u>	<u>2,128,898</u>	<u>100%</u>	<u>4,099,230</u>	<u>100%</u>	<u>902,636</u>	<u>100%</u>	<u>2,106,515</u>	<u>100%</u>
Gross Profit and Gross Profit Margin										
Sales of properties.....	310,750	24.6%	750,951	36.2%	1,134,438	28.4%	293,024	33.3%	619,923	29.9%
Construction contracts	<u>1,812</u>	<u>7.0%</u>	<u>3,718</u>	<u>7.0%</u>	<u>5,564</u>	<u>5.4%</u>	<u>1,648</u>	<u>7.0%</u>	<u>1,388</u>	<u>4.2%</u>
	312,562	24.2%	754,669	35.4%	1,140,002	27.8%	294,672	32.6%	621,311	29.5%

			For the six months ended	
For the year ended December 31,			June 30,	
2012	2013	2014	2014	2015
			(unaudited)	

Sales of properties

Revenue (RMB in thousands)	1,265,073	2,075,439	3,996,186	878,936	2,073,632
GFA delivered (sq.m.)	104,956	163,879	241,304	73,619	211,171
Recognized ASP (RMB/sq.m.)	12,053	12,664	16,561	11,939	9,820

All of our revenue from sales of properties during the Track Record Period was derived from two projects in Fuzhou and one project in Zhangzhou, namely, David City, Lan County and Lan Garden. Our gross profit margin increased to 35.4% in 2013 from 24.2% in 2012 primarily due to increased recognized ASP resulting from a general price increase in the PRC property market from the sales of the David City project in 2013.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables summarize our consolidated financial information as of and for the years ended December 31, 2012, 2013 and 2014 and as of and for the six months ended June 30, 2014 and 2015, which is derived from our consolidated financial statements included in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus. The summary consolidated financial information should be read together with, and is qualified in its entirety by reference to, these consolidated financial statements, including the related notes.

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Summary Consolidated Comprehensive Income Statement Data

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Revenue	1,291,127	2,128,898	4,099,230	902,636	2,106,515
Cost of sales	(978,565)	(1,374,229)	(2,959,228)	(607,964)	(1,485,204)
Gross profit	312,562	754,669	1,140,002	294,672	621,311
Selling and marketing costs	(101,898)	(174,493)	(288,873)	(120,561)	(166,162)
Administrative expenses	(81,489)	(150,337)	(267,006)	(101,279)	(119,820)
Other income	1,631	3,396	3,729	2,014	4,716
Operating profit	130,806	433,235	587,852	74,846	340,045
Finance income — net	1,409	2,071	5,025	1,932	5,674
Share of profits of investments accounted for using the equity method, net	130,600	324,204	240,724	187,960	116,772
Profit before income tax	262,815	759,510	833,601	264,738	462,491
Income tax expenses	(75,270)	(243,782)	(331,962)	(69,288)	(181,407)
Profit for the year/period	<u>187,545</u>	<u>515,728</u>	<u>501,639</u>	<u>195,450</u>	<u>281,084</u>
Total comprehensive income attributable to:					
Owners of the Company	187,545	517,691	506,507	197,857	288,806
Non-controlling interests	—	(1,963)	(4,868)	(2,407)	(7,722)
Total comprehensive income for the year/period	<u>187,545</u>	<u>515,728</u>	<u>501,639</u>	<u>195,450</u>	<u>281,084</u>

Selected Consolidated Balance Sheets Data

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Non-current assets	736,176	1,310,945	3,459,744	4,055,474
Current assets	6,837,619	17,443,584	28,075,017	29,586,342
Current liabilities	5,857,019	12,229,884	19,506,115	21,765,886
Net current assets	980,600	5,213,700	8,568,902	7,820,456
Total assets less current liabilities	1,716,776	6,524,645	12,028,646	11,875,930
Non-current liabilities	710,000	4,985,700	10,999,600	9,223,200
Total equity	1,006,776	1,538,945	1,029,046	2,652,730

As of October 31, 2015, the latest practicable date for our liquidity disclosure purposes, our total borrowings amounted to RMB16,643.9 million. See the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness” on page 344 in this prospectus. As of the same date, our net current assets amounted to RMB4,012.3 million. See the section headed “Financial Information—Liquidity and Capital Resources—Net Current Assets” on page 343 in this prospectus.

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Selected Consolidated Cash Flow Statements Data

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
(unaudited)					
(RMB in thousands)					
Net cash (used in)/generated from					
operating activities	(156,892)	(3,704,283)	(6,343,547)	(3,993,271)	160,316
Net cash (used in)/generated from					
investing activities	(506,901)	(2,797,041)	(1,031,568)	(282,085)	268,633
Net cash generated from/(used in)					
financing activities	671,119	7,073,475	7,336,662	4,067,546	(242,820)
Cash and cash equivalents at beginning					
of the year/period	116,613	123,939	696,090	696,090	657,637
Cash and cash equivalents at					
end of the year/period.....	123,939	696,090	657,637	488,280	843,766

Key Financial Ratios

	As of and for the year ended December 31,			As of and for the six months ended June 30,
	2012	2013	2014	2015
Profitability ratios				
Gross profit margin ⁽¹⁾	24.2%	35.4%	27.8%	29.5%
Net profit margin ⁽²⁾	14.5%	24.2%	12.2%	13.3%
Liquidity ratio				
Current ratio ⁽³⁾	1.17	1.43	1.44	1.36
Interest coverage ratio ⁽⁴⁾	1.86	2.35	1.55	1.42
Capital adequacy ratio				
Gearing ratio ⁽⁵⁾	1.7	5.0	15.4	6.4

Notes:

- (1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (3) The calculation of current ratio is based on current assets divided by current liabilities.
- (4) The calculation of interest coverage ratio is based on (a) profit before income tax plus capitalized interest less finance income divided by (b) capitalized interest less finance income.
- (5) The calculation of gearing ratio is based on total borrowings less restricted cash and cash and cash equivalents divided by total equity.

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LIQUIDITY AND CAPITAL RESOURCES

Property development requires substantial capital investment for land acquisition and construction, while on the other hand it may take months before positive cash flows can be generated. We fund our business operations through internally generated funds and external financing, including, primarily, trust and other borrowings, in addition to traditional bank borrowings. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies.

Trust and Other Borrowings

Trust and other borrowings accounted for nil, 80.3%, 88.6% and 87.9% of our total borrowings as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively, which were high. The primary reason was that we substantially increased our land acquisitions in such periods in order to expand our development scale, but bank loans in the PRC are typically not available until a project commences construction. In addition, trust and other borrowings typically offer us greater flexibility in terms of availability, drawdown schedule and repayment arrangements. Compared to the terms of traditional bank loans, terms of trust and other borrowings are generally more negotiable and available in various structures to meet the different characteristics of each project company, such as the capital structure, risk-return profile and funding requirements.

Our trust and other borrowings are broadly categorized into:

- Type (i) arrangements which have terms similar to bank borrowings and do not involve either a pledge or a transfer of the equity interest held by us in the relevant project subsidiary, or
- Type (ii) arrangements which involve a pledge of the equity interest held by us in the relevant project subsidiary, or
- Type (iii) arrangements which involve a transfer of equity interest and a pledge of the remaining equity interest held by us in the relevant project subsidiary.

The following table sets forth the aggregate principal balances of our trust and other borrowings by type as of the dates indicated:

Trust and other borrowings	As of December 31,			As of	As of
	2012	2013	2014	June 30, 2015	October 31, 2015
(RMB in thousands)					
Type (i)	—	4,022,040	5,661,000	3,890,000	2,863,000
Type (ii)	—	356,100	1,200,400	4,055,600	5,515,000
Type (iii)	—	2,420,900	8,423,300	8,085,950	6,663,850
	—	<u>6,799,040</u>	<u>15,284,700</u>	<u>16,031,550</u>	<u>15,041,850</u>

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For further details, see the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and Other Borrowings—Key terms of type (iii) arrangements” on page 352 in this prospectus. The funds injected in our Group under type (iii) financing arrangements are treated as borrowings of our Group. For further details, see Note 27(a) of the Accountant’s Report in Appendix I to this prospectus. Under type (iii) trust financing arrangement, the relevant trust companies will become our connected persons under the Listing Rules, see the section headed “Connected Transactions—(C) Non-Exempt Continuing Connected Transactions—2. Financial Assistance Arising From the Subsisting Type (III) Arrangements—Type (iii) Financing Companies regarded as our connected persons” on page 277 in this prospectus.

Net Cash Outflow from Operating Activities

We had a net cash outflow from operating activities of RMB156.9 million, RMB3,704.3 million and RMB6,343.5 million for the years ended December 31, 2012, 2013 and 2014, respectively, primarily due to increased properties under development and completed properties held for sale following our expanded development scale. For further details, see the section headed “Financial Information—Liquidity and Capital Resources—Cash Flow” on page 340 in this prospectus. We had a net cash inflow from operating activities of RMB160.3 million for the six months ended June 30, 2015.

High Gearing Ratio and Our Response

As demonstrated above, our gearing ratios during the Track Record Period were high, due to our relatively large amount of borrowings and our relatively small total equity.

The property development business is capital intensive. During the Track Record Period, in order to capture market opportunities in the real estate markets in which we operate, we significantly expanded our development activities, which increased our external financing requirements substantially. In addition, as bank loans in the PRC are typically not available until a project commences construction, we had to, during the Track Record Period, rely heavily on trust and other borrowings, which typically carry higher interest rates and further increased the amount of our total borrowings. As of June 30, 2015, we had total borrowings of RMB18,242.7 million, including bank borrowings of RMB2,211.1 million and trust and other borrowings of RMB16,031.6 million.

Property developments typically require substantial capital outlay during the construction period but may take years before any revenue can be generated through the sale and delivery of completed property developments. We acquired a significant amount of land bank during the Track Record Period in order to capture market opportunities in the real estate markets. However, most of our projects were still under development and had not started to generate income. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had four, 11, 15 and 15 projects, respectively, under development. All our revenue from sales of properties during the Track Record Period was derived from two projects in Fuzhou and one project in Zhangzhou. In addition, in December 2014, we declared and paid a dividend of RMB338.0 million, which reduced a sizeable portion of our equity. As such, our total equity during the Track Record Period was small relative to our total borrowings. Our total equity as of December 31, 2014, after the dividend, was RMB1,029.0 million.

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During the Track Record Period, we significantly expanded our business operations and were able to obtain sufficient external financings through bank borrowings as well as trust and other borrowings due to our sizeable and quality land bank. While leverage has enabled us to expand rapidly in the past, we have recognized that, in the interest of our long-term development, it is important to manage our gearing level, and begun to resort to other financing alternatives, including, among others, equity investment from strategic investors, to contain, manage and reduce leverage. We plan to continue to take such and other measures to improve our overall capital structure so as to achieve sustainable growth.

On the one hand, we have conducted a careful analysis of our current business plan and believe that, taking into account cash flow expected to be generated from our projects, bank borrowings and trust and other borrowings we current have in place, unutilized credit facilities currently available to us and proceeds from this Global Offering, we have sufficient capital resources to complete our current projects. As of June 30, 2015, our total commitments in respect of properties under development amounted to RMB4,400.5 million. As of June 30, 2015, we had cash and cash equivalents of RMB843.8 million and restricted cash of RMB414.9 million. As of the Latest Practicable Date, we had credit facilities of RMB20,380.9 million, of which RMB16,930.9 million were utilized and RMB3,450.0 million remained unutilized. After the Listing, we also plan to use approximately 60%, or HK\$1,133.5 million (assuming an Offer Price of HK\$5.75 per Share, being the mid-point of the indicative Offer Price range), of the net proceeds from this Global Offering to finance the development of our existing projects. In addition, as of the Latest Practicable Date, we had also obtained letters of intent from five banks and three non-bank financial institutions in the PRC which set out their intention to potentially make additional liquidity to us of, in aggregate, up to RMB16,421.0 million. We have not added new projects or acquired new land since December 31, 2014. We have also adopted various measures to control our costs and expenses including, among others, setting up target costs for our project design and development, implementing centralized procurement and stipulating detailed and prudent financial policies to manage our administrative expenses and selling and marketing costs. Going forward, we plan to closely monitor our capital and cash positions and carefully manage our land costs, construction costs and operating expenses and continue to closely monitor the maturity profiles of our borrowings and manage the level of liquidity to ensure sufficient cash flows to service our indebtedness and meet cash requirements arising from our business. We also plan to use leverage prudently, with reference to our equity size, when we acquire new assets to expand our business operation.

On the other hand, we have also taken measures to and plan to continue to proactively manage our capital structure to meet our ongoing capital requirements. In May and July 2015, we brought in a strategic investor as a 49% shareholder in two of our previously wholly owned subsidiaries and received a total investment of RMB1,648.0 million, which boosted our equity base and reduced our gearing considerably. See the section headed “—Recent Developments—Developments in Our Business” on page 18 in this prospectus. Primarily due to such investment, our gearing ratio as of June 30, 2015 was 6.4, representing a significant decrease from that as of December 31, 2014. We plan to continue to seek investment from strategic investors to reduce our capital commitments. In addition, we plan to shorten our project development cycle to improve operating efficiency, expedite asset turnover, enhance liquidity position and achieve sustainable growth.

SUMMARY AND HIGHLIGHTS

Taking into account our current project development and sales schedules, existing capital resources and the estimated proceeds from this Global Offering, our Directors expect that we will have sufficient working capital to maintain our operations. For further details on our liquidity and capital resources, including our substantial use of trust and other borrowings, see the section headed “Financial Information—Liquidity and Capital Resources” beginning on page 340 in this prospectus.

OFFER STATISTICS

We have prepared the following offer statistics on the basis of hypothetical Offer Prices without taking into account the 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee. We have also assumed no exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme.

	Based on Offer Price per Share of HK\$5.36	Based on Offer Price per Share of HK\$6.13
Market capitalization of our Shares ⁽¹⁾	HK\$7,236.0 million	HK\$8,275.5 million
Unaudited <i>pro forma</i> net tangible asset value per Share ⁽¹⁾⁽²⁾	HK\$3.12	HK\$3.30

Notes:

- (1) Based on 1,350,000,000 Shares expected to be in issue immediately following the completion of the Global Offering.
- (2) After adjustment referred to in the section headed “Unaudited *Pro Forma* Financial Information—A. Unaudited *pro forma* of adjusted net tangible assets” in Appendix II to this prospectus.

DIVIDEND POLICY

Our Company declared a dividend of RMB338.0 million in December 2014, all of which had been fully settled as of the Latest Practicable Date utilizing internal resources. Our Company had not declared or paid any other dividend during the Track Record Period and up to the Latest Practicable Date.

We are a holding company and the maximum amount of funds potentially available for dividend distribution to our Shareholders is affected by our subsidiaries’ ability to make dividend payments to us. According to the PRC regulations, companies may distribute their after-tax profits, as determined in accordance with the PRC accounting principles to their shareholders according to their capital contribution only after they have made appropriate contributions to the relevant statutory reserves. Furthermore, our subsidiaries or joint ventures may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities and joint venture agreements, to which they may be subject. Pursuant to certain project loans entered into by our PRC subsidiaries, joint ventures and associated company with PRC financial institutions, such loan agreements contain dividend blocking clauses requiring our PRC subsidiaries, joint ventures and associated company to obtain the lending banks’ approval or to fully settle the loan prior to distributing any dividends, which could reduce the amounts that we may receive from the relevant PRC subsidiaries. Based on the project loans that were in force as of the Latest Practicable Date, we

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estimate, solely based on the assumptions and bases employed in our management's forecast on our future profit, that 13% and nil of our Group's total distributable profits as of December 31, 2015 and 2016, respectively, will be restricted by such dividend blocking clauses and will not be available for potential distribution to our Shareholders.

In addition, the amount of dividend 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 and will be subject to approval of our Shareholders. Our Board has an absolute discretion to recommend any dividend for any year, and there is no assurance that dividends of any amount will be declared or distributed in any future year. We currently do not intend to distribute any of our distributable profits to our Shareholders. See the section headed "Financial Information—Dividends" on page 369 in this prospectus.

FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,889.2 million (assuming an Offer Price of HK\$5.75 per Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and expenses payable by us in the Global Offering and assuming no exercise of the Over-allotment Option or options which may be granted under the Share Option Scheme.

We currently intend to apply these net proceeds in the following manner:

- approximately 60%, or approximately HK\$1,133.5 million, to be used in our current property development projects, among which approximately 15%, or HK\$283.4 million, will be used for The Twin Harbor City project, approximately 15%, or HK\$283.4 million, will be used for The Long Island project, approximately 15%, or HK\$283.4 million, will be used for Hangzhou Mansion project and the remaining 15%, or HK\$283.4 million, will be used for Blue Peacock Phase II project;
- approximately 30%, or approximately HK\$566.8 million, to be used in expanding our land reserves by seeking and acquiring suitable land parcels in cities in which we are currently operating and targeted cities in the future, especially in the Western Taiwan Straits Economic Zone. For details of our project selection process, see the section headed "Business—Our Property Development Management—Site Selection" on page 223 in this prospectus. As of the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of net proceeds from the Global Offering; and
- approximately 10%, or approximately HK\$188.9 million, to be used for our general corporate and working capital purposes.

For details of our future plans and use of proceeds, see the section headed "Future Plans and Use of Proceeds" on page 372 in this prospectus.

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SUMMARY OF PROMINENT RISK FACTORS

There are certain risks relating to an investment in the Offer Shares. Some of the particular risks in investing in the Offer Shares are further described in the section headed “Risk Factors” in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

The most significant risk factors include:

- We are and will continue to be dependent on the performance of the PRC property section, particularly in Fujian province and the other regions where we operate and intend to operate;
- We may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs, or at all, in which event our business, results of operations and financial condition as well as prospects may be materially and adversely affected;
- We conduct a large part of our operations in, and derived all of our revenue during the Track Record Period from, Fujian province and we may not successfully expand geographically;
- We have substantial indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our outstanding and future debt obligations and to fund our capital expenditures;
- We generated substantially all of our revenue during the Track Record Period from the sale of properties and our results of operations may fluctuate due to factors such as the schedule of our property development and the timing of property sales;
- We may not be able to complete our projects according to schedule;
- We had significant cash outflow from operations during the Track Record Period and we may not be able to timely obtain sufficient financing to fund our land acquisitions or property developments; and
- We are subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition.

IMMATERIAL SYSTEMIC NON-COMPLIANCES

During the Track Record Period, we experienced certain instances of immaterial systemic non-compliances in relation to (i) commencement of construction before obtaining relevant permit; (ii) insufficient social insurance fund and housing provident fund contributions and (iii) lack of lease registration. For further details, see the section headed “Business—Legal Proceedings and Compliance—Compliance with Laws and Regulations—Systemic Non-compliance Incidents” on page 248 in this prospectus.

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RECENT DEVELOPMENTS

Developments in Our Business

For the four months ended October 31, 2015, we recorded contracted sales of approximately RMB4,646.1 million, primarily from The Twin Harbor City, Hangzhou Mansion, The White House, Imperial Villa, Ocean City and Pingtan David City projects.

In May and July 2015, we brought in Fujian Ou Construction Development Company Limited (福建歐氏建設發展有限公司) (“Fujian Ou Construction”), a company owned by a brother of Mr. Ou, a Controlling Shareholder, and his family members, as a strategic investor in two of our subsidiaries, namely, Pingtan Investment and Hemei Shanghai Property for a total investment of RMB1,648.0 million. Such considerations were negotiated on an arm’s-length basis and determined based on the market value of the properties held by the two subsidiaries prepared by Jones Lang LaSalle. After the completion of the investment, Fujian Ou Construction became a 49% shareholder in each of the subsidiaries, and our shareholding was reduced to 51% accordingly. In each case, Fujian Ou Construction paid up additional registered capital proportional to its 49% interest, and injected the excess amount into the capital reserves of the subsidiary. Following the investment, our beneficial interest in the Pingtan David City, Imperial Villa, Blue Peacock Phase I and Blue Peacock Phase II projects was reduced from 100% to 51%. See the section headed “History, Reorganization and Group Structure—Our Corporate Development” on page 148 in this prospectus.

Since June 30, 2015 and up to the Latest Practicable Date, we had arranged additional trust and other borrowings with an aggregated principal amount of RMB3,950.0 million as of the Latest Practicable Date. See the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and Other Borrowings” on page 347 in this prospectus.

On July 31, 2015, Mr. Ou Guofei, an adult son of Mr. Ou and the settlor of the Ou Family Trust and one of our Controlling Shareholders, injected an amount equivalent to approximately RMB1,000,000,000 into our Company. See the section headed “History, Reorganization and Group Structure—Additional Capital Injection into the Company” on page 159 in this prospectus.

On September 18, 2015, our wholly owned subsidiary, Rongxin Group, filed an application to the Shanghai Stock Exchange for a public issuance, to qualified investors only, of corporate bonds to be listed and traded on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB2.5 billion (the “Public Corporate Bonds”). On October 29, 2015, the Shanghai Stock Exchange issued a pre-approval for such issuance of Public Corporate Bonds to Rongxin Group. On the same day, Rongxin Group filed an application to the China Securities Regulatory Commission (“CSRC”), in which the application was approved on November 27, 2015. Pursuant to the approval letter from CSRC to Rongxin Group, the Public Corporate Bonds shall be issued in tranches. On December 24, 2015, Rongxin Group issued the first tranche in an amount of RMB1.2 billion with a 5-year term at a coupon rate of 6.4% per annum to repay the principal balance on our institutional borrowings after deducting the administrative expenses payable by us. The other tranches shall be issued within 24 months of the approval.

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On September 30, 2015, Rongxin Group filed an application to the Shanghai Stock Exchange for a private placement of corporate bonds to be listed and traded on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB5.0 billion to qualified investors only, and, on November 3, 2015, Rongxin Group also filed an application to the Shenzhen Stock Exchange for a private placement of corporate bonds to be listed and traded on the Shenzhen Stock Exchange in an aggregate principal amount of up to RMB3.5 billion to qualified investors only (the “Private Corporate Bonds” and, together with the Public Corporate Bonds, the “Corporate Bonds”). On November 12, 2015, Rongxin Group received a no-objection letter from the Shenzhen Stock Exchange, and, on November 17, 2015, Rongxin Group received a no-objection letter from the Shanghai Stock Exchange.

With such no-objection letters for the Private Corporate Bonds, the Private Corporate Bonds can be listed and traded on the Shanghai Stock Exchange and Shenzhen Stock Exchange after Rongxin Group completes the private placements of the Private Corporate Bonds (a filing for each of such private placement is required to be made to the Securities Association of China within five days of private placement of the Private Corporate Bonds). Rongxin Group will, subject to market conditions, determine the issue size, coupon rate, timing and other terms of the Private Corporate Bonds in consultation with the lead manager. Rongxin Group plans to use all of the proceeds from the issuance of the Corporate Bonds, net of issuance related expenses, to refinance its existing indebtedness.

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since June 30, 2015.

Settlement of Advances Due from Joint Ventures and an Associated Company

During the Track Record Period, we made certain advances to certain of our joint ventures and an associated company proportionally with our project partners as part of the mutually agreed funding arrangements for the relevant projects. As of June 30, 2015, we had a total balance of RMB2,014.3 million of such advances due to us. We entered into an agreement on December 25, 2015 to transfer our rights over such advances to a trust company on a non-recourse basis, in which the remaining advances will be settled in full before Listing. Such trust company is a state-owned non-bank financial institution accredited by the CBRC and holds a requisite Financial Business License (金融許可證) to engage in such arrangement. The consideration we will receive from the trust company will reflect a four percent discount over the amount transferred, which we will record as finance cost. We estimate that we will incur approximately RMB75.0 million in finance cost from such arrangement. According to our PRC legal advisors, FenXun Partners, such transfer arrangement (a) will comply with the relevant rules and regulations in the PRC because it will constitute a normal transfer of creditor’s rights permitted under the PRC contract law and the trust company holds a requisite Financial Business License (金融許可證) which will enable it to engage in such arrangement lawfully; (b) will not adversely affect the legality of the existing joint venture agreements and our construction projects because it will not result in any modification, rescission, termination, expiry or invalidity of the existing joint venture agreements or any change of status of our construction projects; (c) will not require consent from but will merely require a notice (which we will promptly give after the execution of such transfer arrangement) to the relevant joint ventures and the associated company according to PRC contract law (the relevant contracts are silent on this point); (d) will not contravene our obligations to provide funding in proportion to our equity interest in such joint ventures and

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associated company because it will not adversely affect the joint ventures and associated company's utilization of such funding; and (e) will not adversely affect our share of future profits from such joint ventures and associated company because there is no such restriction stipulated in existing joint venture agreements or articles of association or PRC company law.

Developments in the Market and Policy Environment

The PBOC lowered the benchmark one-year lending rate in China from 5.35% on March 1, 2015 to 5.10% on May 11, 2015, to 4.85% on June 28, 2015, to 4.6% on August 26, 2015 and further to 4.35% on October 24, 2015. As commercial banks in China and other financial institutions based in China link the interest rates on their loans to benchmark lending rates published by the PBOC, any decrease in such benchmark lending rates may decrease the mortgage rates of our customers and our financing costs. As bank lending is important for property development, we believe this and similar developments in the future may have a long-term significance for the real estate industry. During the Track Record Period, the PRC government implemented a series of regulations and policies to manage the growth of the property market. Recently, however, a number of PRC cities, including Fuzhou, Zhangzhou, Xiamen and Hangzhou, loosened certain restrictive measures previously implemented for stabilizing housing price. For further details, please see the sections headed "Risk Factors—Risks Relating to the Property Industry in China—The PRC government may adopt further measures to regulate the property sector" and "PRC Regulatory Overview—Measures on Stabilizing Housing Price" on page 57 and page 120, respectively, in this prospectus. We do not believe there has been any development in the market and policy environment since June 30, 2015 that is reasonably likely to have a material adverse effect on our working capital sufficiency.

COMPETITIVE LANDSCAPE

The PRC property industry is highly fragmented and competitive. As a China Top 33 real estate developer according to the "Top 50 Real Estate Developers in China in 2015" list jointly compiled by China Real Estate Research Association, China Real Estate Industry Association and China Real Estate Evaluation Center, we primarily compete with other China top real estate developers focusing on the development of residential properties in the PRC. We compete on a broad range of factors, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. See the section headed "Business—Competition" on page 240 in this prospectus.

LISTING EXPENSES

Our listing expenses mainly comprise professional fees paid to the Sole Global Coordinator, legal advisors, the reporting accountant and property valuer, among others, for their services rendered in relation to the Listing and the Global Offering. As of June 30, 2015, we had incurred listing expenses of RMB28.8 million, of which RMB7.3 million will be accounted for as a deduction in equity and RMB21.5 million we had recorded as administrative expenses. We expect to incur further listing expenses amounting to RMB41.0 million, of which RMB33.3 million is expected to be accounted for as a deduction in equity and the remaining RMB7.7 million is expected to be recorded as expenses in the year ending December 31, 2015.

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s) or, where the context so requires, any of them
“Application Lists”	the application lists for the Hong Kong Public Offering
“Articles of Association” or “Articles”	the articles of association of our Company, conditionally adopted on December 28, 2015 which will become effective upon Listing and as amended, supplemented or modified from time to time, a summary of which is set out in Appendix IV to this prospectus
“ASP”	average selling price
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“business day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalization Issue”	the issue of Shares to be made on the capitalization of certain sums standing to the credit of the share premium account of our Company referred to under the heading “Further information about our Company and our subsidiaries” in Appendix V to this prospectus
“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 Broker Participant”	a person admitted to participate in CCASS as a broker participant
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant

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“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Broker Participant, CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Chairman”	the chairman of the Board
“Changle Rongxin Investment” ⁽¹⁾	Changle Rongxin Investment Company Limited (長樂融信投資有限公司), a limited liability company established in the PRC on June 24, 2014 and a non-wholly owned subsidiary of our Company
“Chief Executive Officer”	the chief executive officer of our Company, which, unless the context requires otherwise, refers to Mr. Ou
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which became effective on March 3, 2014 and as amended, supplemented or otherwise modified from time to time
“Companies (Winding up and Miscellaneous Provision) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) which came into effect on March 3, 2014 and as amended supplemented or otherwise modified from time to time
“Company” or “our Company”	Ronshine China Holdings Limited 融信中國控股有限公司, a company incorporated in the Cayman Islands on September 11, 2014 as an exempted limited liability company
“Co-lead Managers”	First Shanghai Securities Limited and Oriental Patron Securities Limited
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, in the context of our Company for the purposes of this prospectus and the Listing, means Mr. Ou, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin
“CRIC”	China Real Estate Information Corporation, a provider of real estate information and consulting service in China

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“Dingcheng Investment”	Fujian Dingcheng Investment Company Limited (福建鼎誠投資有限公司), a limited liability company established in the PRC on August 21, 2012, wholly owned by Mr. Ou and a connected person of our Company
“Dingxin”	Dingxin Company Limited, a company incorporated in the BVI on September 11, 2014 and a wholly owned subsidiary of Honesty Global Holdings Limited, whose entire issued share capital is held by TMF (Cayman) Ltd. Dingxin is one of our Controlling Shareholders
“Director(s)”	the director(s) of our Company
“first-tier cities”	cities specified by MOHURD as such, being Beijing, Shanghai, Shenzhen and Guangzhou
“Fujian Property”	Rongxin (Fujian) Property Company Limited (融信(福建)置業有限公司), a limited liability company established in the PRC on September 4, 2013 and a non-wholly owned subsidiary of our Company
“Fujian Rongshengmei”	Fujian Rongshengmei Business Information Consultancy Company Limited (福建融晟美商務信息諮詢有限公司), a wholly foreign-owned enterprise established in the PRC on October 28, 2014 and a wholly owned subsidiary of our Company
“Fujian Shiou Business Administration”	Fujian Shiou Business Administration Company Limited (福建世歐商業管理有限公司), a limited liability company established in the PRC on April 29, 2011 and a joint venture of our Company, in which our Group holds a 50% equity interest
“Fujian Shiou Investment”	Fujian Shiou Investment Development Company Limited (福建世歐投資發展有限公司), a limited liability company established in the PRC on May 28, 2010 and a joint venture of our Company, in which our Group holds a 50% equity interest
“Fujian Taikun”	Fujian Taikun Trading Company Limited (福建泰坤貿易有限公司), a limited liability company established in the PRC on May 2, 2013 and a wholly owned subsidiary of our Company
“Fuzhou Shengye”	Fuzhou Shengye Investment Company Limited (福州晟業投資有限公司), a limited liability company established in the PRC on September 9, 2014 and a wholly owned subsidiary of our Company

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“Fuzhou Investment”	Rongxin (Fuzhou) Investment Development Company Limited (融信(福州)投資發展有限公司), a limited liability company established in the PRC on June 7, 2011 and a non-wholly owned subsidiary of our Company
“Fuzhou Property” ⁽¹⁾	Rongxin (Fuzhou) Property Company Limited (融信(福州)置業有限公司), a limited liability company established in the PRC on December 24, 2012 and a non-wholly owned subsidiary of our Company
“Fuzhou Ruifeng”	Fuzhou Ruifeng Investment Company Limited (福州睿豐投資有限公司), a limited liability company established in the PRC on September 12, 2014 and a wholly owned subsidiary of our Company
“Fuzhou Shiou Investment”	Fuzhou Shiou Investment Development Company Limited (福州世歐投資發展有限公司), a limited liability company established in the PRC on May 4, 2010 and a joint venture of our Company, in which our Group holds a 50% equity interest
“Fuzhou Shuanghang Investment” ⁽¹⁾	Fuzhou Rongxin Shuanghang Investment Development Company Limited (福州融信雙杭投資發展有限公司), a limited liability company established in the PRC on January 13, 2014 and a non-wholly owned subsidiary of our Company
“Fuzhou Yiheng”	Fuzhou Yiheng Investment Company Limited (福州羿恒投資有限公司), a limited liability company established in the PRC on September 12, 2014 and a wholly owned subsidiary of our Company
“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 White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
“Group”	our Company and its subsidiaries or, where the context so requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at that time

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“Hangzhou Kaisheng”	Hangzhou Rongxin Kaisheng Property Development Company Limited (杭州融信愷昇房地產開發有限公司), a limited liability company established in the PRC on February 20, 2014 and a wholly owned subsidiary of our Company
“Hangzhou Kaizhu” ⁽¹⁾	Hangzhou Kaizhu Rongxin Property Development Company Limited (杭州愷築融信房地產開發有限公司), a limited liability company established in the PRC on October 23, 2013 and a non-wholly owned subsidiary of our Company
“Hemei Shanghai Property”	Hemei (Shanghai) Property Development Company Limited (和美(上海)房地產開發有限公司), a limited liability company established in the PRC on May 20, 2013 and a non-wholly owned subsidiary of our Company
“Hemei Zhangzhou Property” ⁽¹⁾	Hemei (Zhangzhou) Property Company Limited (和美(漳州)房地產有限公司), a limited liability company established in the PRC on January 28, 2014 and a non-wholly owned subsidiary of our Company
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards, as issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Offer Shares”	the 33,750,000 Offer Shares initially being offered by us for subscription at the Offer Price under the Hong Kong Public Offering, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus
“Hong Kong Public Offering”	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on the terms and subject to the conditions described in this prospectus and the Application Forms
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering whose names are set forth in the section headed “Underwriting—Hong Kong Underwriters” in this prospectus

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“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement dated December 30, 2015 relating to the Hong Kong Public Offering entered into by, among other parties, our Company, our Controlling Shareholders and the Hong Kong Underwriters
“independent third party”	a person or entity who is not considered a connected person of our Company under the Listing Rules
“International Offering”	the conditional placing of the International Offering Shares outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong, as further described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriting Agreement”	the international underwriting agreement relating to the International Offering which is expected to be entered into by, among others, our Company, our Controlling Shareholders, the Sole Global Coordinator, the Sole Sponsor and the International Underwriters on or around January 6, 2016
“International Offering Shares”	the 303,750,000 Shares being initially offered for subscription under the International Offering together with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed “Structure of the Global Offering” in this prospectus
“International Underwriters”	the underwriters of the International Offering
“Joint Bookrunners”	ICBC International Capital Limited, GF Securities (Hong Kong) Brokerage Limited, Guotai Junan Securities (Hong Kong) Limited and Haitong International Securities Company Limited
“Joint Lead Managers”	ICBC International Securities Limited, GF Securities (Hong Kong) Brokerage Limited, Guotai Junan Securities (Hong Kong) Limited and Haitong International Securities Company Limited
“Jones Lang LaSalle”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Lanhu Property” ⁽¹⁾	Fujian Lanhu Property Development Company Limited (福建藍湖房地產開發有限公司), a limited liability company established in the PRC on April 25, 2011 and a wholly owned subsidiary of our Company

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“LAT”	land appreciation tax
“Latest Practicable Date”	December 22, 2015, being the latest practicable date for ascertaining certain information in this prospectus prior to its publication
“Liboshuntai Property”	Fuzhou Liboshuntai Property Development Co., Ltd. (福州利博順泰房地產開發有限公司), a limited liability company established in the PRC on October 16, 2012 and a joint venture of our Company, in which our Group holds a 50% equity interest
“Listing”	the listing of our Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing sub-committee of the board of director of the Stock Exchange
“Listing Date”	January 13, 2016, being the date on which dealings in our Shares are expected to first commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company, as amended from time to time
“mid- to high-end residential properties”	the residential properties targeting middle to upper middle income individuals or households
“Ministry of Finance”	the Ministry of Finance of the PRC (中國財政部)
“Ministry of Land and Resources”	the Ministry of Land and Resources of the PRC (中國國土資源部)
“MOFCOM”	the Ministry of Commerce of the PRC (中國商務部)
“MOHURD” or “Ministry of Construction”	the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) or its predecessor, the Ministry of Construction of the PRC (中國建設部)

DEFINITIONS

“Mr. Ou”	Ou Zonghong (歐宗洪), one of our Controlling Shareholders and our Chairman, an executive Director and Chief Executive Officer
“NDRC”	the National Development and Reform Commission of the PRC (中國國家發展和改革委員會)
“NPC”	the National People’s Congress (全國人民代表大會) and its Standing Committee
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Hong Kong Offer Shares are to be subscribed under the Hong Kong Public Offering and the International Offering Shares are to be offered under the International Offering, to be determined in the manner further described in the section headed “Structure of the Global Offering—Pricing and Allocation” in this prospectus
“Offer Shares”	the Hong Kong Offer Shares and the International Offering Shares, including the additional Shares that might be issued under any exercise of the Over-allotment Option
“Ou Family Trust”	the family trust established on November 21, 2014 by Mr. Ou Guofei as the settlor, with TMF (Cayman) Ltd. acting as the trustee and Mr. Ou acting as the protector, as described in detail in the section headed “History, Reorganization and Group Structure—The Reorganization” in this prospectus.
“Over-allotment Option”	the option expected to be granted by our Company to the Sole Global Coordinator pursuant to which our Company may be required to issue up to aggregate of 50,625,000 additional Shares at the final Offer Price, to cover, among others, over-allocations in the International Offering, if any, details of which are described in the section headed “Structure of the Global Offering” in this prospectus
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“Pingtan Investment”	Rongxin (Pingtan) Investment Development Company Limited (融信(平潭)投資發展有限公司), a limited liability company established in the PRC on January 28, 2013 and a non-wholly owned subsidiary of our Company

DEFINITIONS

“PRC” or “China”	the People’s Republic of China and, except where the context requires and only for the purpose of this prospectus, references in this prospectus to the PRC or China do not apply to Taiwan, Hong Kong and the Macau Special Administrative Regions of the PRC
“PRC government”	the central government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities, or, where the context requires, any of them
“Price Determination Date”	the date on which the Offer Price is to be fixed by the Sole Global Coordinator (on behalf of the Underwriters) and us, which is expected to be on or around January 6, 2016 and in any event not later than January 11, 2016
“Putian Transport Engineering”	Putian Transport Engineering Company Limited (莆田市交通工程有限公司), a limited liability company established in the PRC on August 1, 1995 by Mr. Ou, which has ceased operations since 2008
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganization”	the corporate reorganizations undergone by our Group in preparation for the Listing described in the section headed “History, Reorganization and Group Structure—The Reorganization” in this prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“Rongxin Group”	Rongxin (Fujian) Investment Company Limited (融信(福建)投資集團有限公司), a limited liability company established in the PRC on September 23, 2003 and a wholly owned subsidiary of our Company
“Rongxin Zhangzhou Property”	Rongxin (Zhangzhou) Property Company Limited (融信(漳州)房地產有限公司), a limited liability company established in the PRC on January 18, 2010 and a wholly owned subsidiary of our Company
“SAFE”	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
“SAIC”	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局), including, as the context may require, its local counterparts

DEFINITIONS

“second-tier cities”	China’s 36 major cities defined by the PRC National Statistics Bureau which are either provincial capitals, direct-controlled municipalities or among the six other major cities designated as “municipalities with independent planning” (計劃單列市) by the PRC State Council and which are not first-tier cities
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Kaichang”	Shanghai Kaichang Property Development Co., Ltd. (上海愷暢房地產開發有限公司), a limited liability company established in the PRC on April 2, 2014 and a joint venture of our Company, in which our Company holds a 50% equity interest
“Shanghai Kaichong”	Shanghai Kaichong Property Development Co., Ltd. (上海愷崇房地產開發有限公司), a limited liability company established in the PRC on April 2, 2014 and a joint venture of our Company, in which our Company holds a 25% equity interest
“Shanghai Kaidai”	Shanghai Kaidai Property Development Co., Ltd. (上海愷岱房地產開發有限公司), a limited liability company established in the PRC on October 18, 2013 and a joint venture of our Company, in which our Company holds a 50% equity interest
“Shanghai Kairi”	Shanghai Kairi Property Development Co., Ltd. (上海愷日房地產開發有限公司), a limited liability company established in the PRC on April 2, 2014 and a joint venture of our Company, in which our Company holds a 50% equity interest
“Shanghai Kaitai”	Shanghai Kaitai Property Development Co., Ltd. (上海愷泰房地產開發有限公司), a limited liability company established in the PRC on September 3, 2013 and a joint venture of our Company, in which our Company holds a 50% equity interest
“Shanghai Kaiyu”	Shanghai Kaiyu Property Development Co., Ltd. (上海愷譽房地產開發有限公司), a limited liability company established in the PRC on April 2, 2014 and a joint venture of our Company, in which our Company holds a 50% equity interest
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.00001 each in the share capital of our Company

DEFINITIONS

“Share Option Scheme”	the share option scheme conditionally adopted by the written resolutions of the sole Shareholder passed on December 28, 2015, the principal terms of which are summarized in “Statutory and General Information—D. Other Information—1. Share Option Scheme” in Appendix V to this prospectus.
“Shareholder(s)”	holder(s) of Share(s)
“Shiou Group”	Shiou Property and its subsidiaries, including Fujian Shiou Investment, Fuzhou Shiou Investment, Fujian Shiou Business Administration and Shiou Property Management
“Shiou Property”	Fuzhou Shiou Property Development Co., Ltd. (福州世歐房地產開發有限公司), a limited liability company established in the PRC on January 18, 2006 and a joint venture of our Company, in which our Group holds a 50% equity interest
“Shiou Property Management”	Fujian Shiou Property Management Company Limited (福建世歐物業管理有限公司), a limited liability company established in the PRC on April 29, 2011 and a joint venture of our Company, in which our Group holds a 50% equity interest
“Sole Global Coordinator”	ICBC International Capital Limited
“Sole Sponsor”	ICBC International Capital Limited
“sq.m.”	square meter(s)
“Stabilizing Manager”	ICBC International Securities Limited
“State Administration of Taxation” or “SAT”	the State Administration of Taxation of the PRC (中國國家稅務總局)
“State Council”	the State Council of the PRC (中國國務院)
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into between the Stabilizing Manager as borrower and Dingxin as lender on or around the Price Determination Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Track Record Period”	the period comprising three financial years of our Company ended December 31, 2014 and the six months ended June 30, 2015

DEFINITIONS

“U.S. Securities Act”	the United States Securities Act of 1933, as amended
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States” or “U.S.”	the United States of America, its territories and possessions, and all areas subject to its jurisdiction
“U.S. dollars” or “US\$”	United States dollars, the lawful currency of the United States
“we,” “us” or “our”	our Company or our Group, as the context may require
“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of White Form eIPO at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“Xiamen Property” ⁽¹⁾	Rongxin (Xiamen) Property Development Company Limited (融信(廈門)房地產開發有限公司), a limited liability company established in the PRC on October 12, 2012 and a non-wholly subsidiary of our Company

Note:

- (1) We have entered into type (iii) arrangements with certain non-bank financial institutions (including trust companies), pursuant to which a certain percentage of our equity interest in this entity was transferred to the non-bank financial institutions as collateral for the secured borrowings. For more details, please see the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and other borrowings” in this prospectus. Notwithstanding the above, under HKFRS, we treated this entity for accounting purposes as our subsidiary (as if such equity transfer had not taken place) throughout the Track Record Period and up to the Latest Practicable Date.

In this prospectus, the English translations of the official Chinese names of PRC laws or regulations, PRC government authorities, companies or other entities organized in the PRC or project names are furnished for identification purposes only. Should there be any inconsistency between the Chinese names and the English translations, the Chinese names shall prevail.

In this prospectus, unless otherwise specified, references to “provinces” in the PRC also include ethnic minority autonomous regions and municipalities directly administered by the central government.

FORWARD-LOOKING STATEMENTS

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

- our business and operating strategies and our ability to implement such strategies;
- our dividend distribution plans;
- our ability to further develop and manage our projects as planned;
- our capital commitment plans, particularly plans relating to primary land development, acquisition of land for our property development and the development of our projects;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the PRC property and retail industries;
- the regulatory environment in terms of changes in laws and PRC government regulations, policies and approval processes in the regions where we develop or manage our projects as well as the general outlook for the PRC property and retail industries;
- exchange rate fluctuations and restrictions;
- future developments and the competitive environment in the PRC property and retail industries; and
- the general economic trend of the PRC and, in particular, the cities in which we operate.

The words “anticipate,” “believe,” “could,” “expect,” “going forward,” “intend,” “may,” “plan,” “seek,” “will,” “would” and similar expressions, as they relate to us, in particular, in the sections headed “Business” and “Financial Information” in this prospectus, are intended to identify a number of these forward-looking statements. These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future. They reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Hence, should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as

FORWARD-LOOKING STATEMENTS

anticipated, believed, or expected. Accordingly, such statements are not a guarantee of future performance and you should not place undue reliance on such forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

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

RISK FACTORS

An investment in our Shares involves risks. You should carefully consider the following information, together with the other information contained in this prospectus, including our consolidated financial statements and related notes, before you decide to purchase our Shares. If any of the circumstances or events described below actually arises or occurs, our business, results of operations, financial condition and prospects may suffer. In any such case, the market price of our Shares may 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 the forward-looking statements as a result of many factors, including the risks described below and elsewhere in this prospectus.

RISKS RELATING TO OUR BUSINESS

We are and will continue to be dependent on the performance of the PRC property market, particularly in Fujian province and the other regions where we operate and intend to operate, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where we have operations, could have a material adverse effect on our results of operations, financial condition and business prospects

Our business and prospects depend on the performance of the PRC property market. As of October 31, 2015, we had 21 property development projects in Fujian province and neighboring provinces in Eastern China. As of the same date, we had 12 projects we jointly controlled with other property developers and one project we operated with another property developer in which we had no control, generally in the same region. We also intend to enter certain other regions and cities in China. Any adverse development in the supply of or demand for properties and any measures that the PRC government may take in restricting the growth of the property market in China, particularly with respect to residential properties, which account for most of our development portfolio, and in the cities where we have or plan to have projects, may adversely affect our results of operations, financial condition and business prospects.

The overall demand for residential and commercial properties in China has grown rapidly in recent years. However, the market also experienced fluctuations in property prices during this period in response to PRC government policies and trends in the PRC and world economy. There have been increasing concerns over the affordability of housing and the sustainability of the real estate market growth in China. As a result, the PRC government has in recent years promulgated various control measures aimed at cooling the property sector. See “—Risks Relating to the Property Industry in China—The PRC government may adopt further measures to regulate the property sector” and “—Risks Relating to the Property Industry in China—Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available” below. We cannot assure you that such measures will not have a negative impact on our business or that the demand for new properties in first- and second-tier cities and regional centers where we have or will have operations (either directly through our subsidiaries or indirectly through joint ventures or associated companies) will continue to grow in the future or that there will not be over-development or market downturn in the PRC property sector. Recently, the property market in the PRC has witnessed signs of a slowdown, with some developers reported to have lowered prices in order to stimulate sales and

RISK FACTORS

some local governments reported to have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand. Any continuing adverse development and the ensuing decline in property sales or decrease in property prices in China may adversely affect our business and financial condition.

We may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs, or at all, in which event our business, results of operations and financial condition as well as prospects may be materially and adversely affected

Our business is dependent upon our ability to identify and acquire suitable land at commercially reasonable costs and our ability to generate profit from the sale of properties developed on such land. We need to periodically replenish our land reserves in order to grow our business. We have set clear criteria for site selection for our properties we develop. See the section headed “Business—Our Property Development Management” in this prospectus. We may incur significant costs in identifying, evaluating and acquiring suitable new land for development following our criteria. Our future growth prospects and results of operations may be adversely affected if we fail to identify and acquire sufficient amount of such suitable new land for development and to achieve reasonable returns upon the sale or lease of these properties.

The PRC government’s policies on land supply may affect our ability to acquire land use rights for future developments and land acquisition costs. The PRC government controls land supply and regulates the ways in which property developers may obtain land for property development. Such measures and any other similar measures in the future may subject us to increased competition from other property developers. Changes in government policy that reduce land supply or limit our ability to tender for land may materially and adversely affect our business and financial condition.

We conduct a large part of our operations in, and derived all of our revenue during the Track Record Period from, Fujian province and we may not successfully expand geographically

As of October 31, 2015, we had a total of 21 property development projects, 17 of which were in Fujian province. During the Track Record Period, we derived substantially all of our revenue from three property development projects in Fujian province. In addition, as of October 31, 2015, we had 11 projects that were under development or held for future development through our subsidiaries with a total estimated GFA attributable to us of approximately 3.1 million sq.m. in Fujian province. Our business and prospects therefore are highly dependent upon the performance of the property market in Fujian province. As a result, we are exposed to a greater geographical concentration risk than some of our competitors in the PRC whose operations are more geographically diversified. For as long as our operations remain substantially concentrated in Fujian province, if Fujian province experiences any significant economic downturn due to imbalances in the local economy, disturbances in local financial markets, natural disasters, epidemic, hostilities or any other reason, or if more restrictive government policies on the property market are imposed in Fujian province, or if the conditions of Fujian province’s property market otherwise declines, our business, results of operations and financial condition may be materially and adversely affected.

RISK FACTORS

In order to achieve sustainable growth, we may need to continue to seek development opportunities in selected regions in the PRC with potential for growth where we have no existing operations. For example, we have expanded into Shanghai and Hangzhou and intend to expand into other first- and second-tier cities which we believe have great growth potential, such as Beijing and Guangzhou. However, our experience as a property developer in our existing markets may not be applicable in other regions. We may face intense competition from developers with greater financial resources, established experience or presence in these new markets, and from other developers with similar expansion plans. In addition, business expansion or land acquisition requires a significant amount of capital investment and human resources, and may divert our existing resources including the attention of our management. Additionally, we may not be able to hire, train or retain sufficient talent to manage our operations in the new markets. As a result, our inability to develop, manage and integrate new projects and businesses may adversely affect our operating efficiency and the success of our expansion plans, which consequently may adversely affect our business, financial condition and future prospects.

We have substantial indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations and to fund our capital expenditures

We currently have, and after the Global Offering will continue to have, a substantial amount of indebtedness. Our total borrowings as of December 31, 2012, 2013 and 2014 and June 30, 2015 were RMB1,861.0 million, RMB8,472.0 million, RMB17,258.8 million and RMB18,242.7 million, respectively, and our gearing ratio, calculated as total borrowings less restricted cash and cash and cash equivalents divided by total equity, was 1.7, 5.0, 15.4 and 6.4, respectively, as of the same dates. Our substantial indebtedness and high gearing could have significant implications, including, among others:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow for our business expansion, working capital and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limit our ability to borrow additional funds; and
- increase our cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities, in which case the risks that we face as a result of our substantial indebtedness could intensify.

RISK FACTORS

Our ability to generate sufficient cash to satisfy our existing and future debt obligations and to fund our capital expenditures will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash receipts that we currently expect from sales of properties to pay for our anticipated operating expenses, fund our capital expenditures and service our debt, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying property project development, disposing of assets, restructuring or refinancing indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in a material and adverse effect on our business, results of operations and financial condition.

If we are unable to comply with the restrictions and covenants of our current or future debt and other obligations, there could be a default under the terms of relevant agreements, in which case the relevant creditors could accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of these agreements contain cross-default provisions. As a result, our default under one agreement may trigger acceleration under other financing agreements. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness which has become due and payable, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms favorable or acceptable to us.

In addition, we require substantial capital resources to acquire land parcels before they reach the development stage according to our phased development schedule and pursuant to PRC land regulations. Bank loans in the PRC, however, are typically only available for drawdown once a project receives a permit for commencement of construction works. As a result, trust and other borrowings have become a necessary and substantial component of our external financing, particularly in the early stages of property development. We incurred substantial amount of trust and other borrowings in 2013, 2014 and the six months ended June 30, 2015 for our business expansion and land acquisitions. As of December 31, 2013 and 2014 and June 30, 2015, we had a total amount of RMB6,799.0 million, RMB15,284.7 million and RMB16,031.6 million, respectively, of trust and other borrowings outstanding, accounting for approximately 80.3%, 88.6% and 87.9%, respectively, of our total borrowings. Even though trust and other borrowings are legitimate sources of financing under PRC laws, they typically cost more than traditional bank loans and may include certain restrictive terms and conditions not typically seen in bank loans. We cannot assure you that we will not resort to proportionally more trust and other borrowings, or that we will be able to secure trust and other borrowings on reasonable terms, or at all, when necessary. See the section headed “—We are subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect our business, results of operations and financial condition” below. If any of these circumstances occur, our finance costs may materially increase or our development plan may not proceed as scheduled, which, in turn, may materially and adversely affect our business, financial condition and results of operations.

RISK FACTORS

Our results of operations from the Track Record Period may not be representative of our future performance

We experienced significant revenue growth during the Track Record Period. For the years ended December 31, 2012, 2013 and 2014, our revenue was RMB1,291.1 million, RMB2,128.9 million and RMB4,099.2 million, respectively, representing a CAGR of 78.2%. For the six months ended June 30, 2015, our revenue was RMB2,106.5 million, representing an increase of 133.4% over the same period in 2014.

We cannot assure you that we will grow at a high rate, or at all, or that we will not experience a decrease in revenue. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. As a result, our past results of operations may not be representative of our future performance.

We generated substantially all of our revenue during the Track Record Period from the sale of properties and our results of operations may fluctuate due to factors such as the schedule of our property development and the timing of property sales

During the Track Record Period, we derived substantially all of our revenue from the sale of properties. Our results of operations may fluctuate due to factors such as the schedule of our property development and the timing of property sales.

We generally recognize revenue from sale of a property upon the completion of property construction and the issuance of a notice of delivery of property to the buyer, at which point we believe the significant risks and rewards of ownership are transferred to the buyer. Due to capital requirements for land acquisition and construction, limited land supply and the time required for completing a project, we can undertake only a limited number of property development projects at a time. In addition, since the timing of delivery of our properties varies according to our construction timetable, our revenue and results of operations may vary significantly from period to period depending on the number of properties delivered during a specific period. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be as meaningful measures of our financial performance of a specific period as they would be for a company with a greater proportion of steady recurring revenues. Furthermore, our property development may be delayed or adversely affected by a combination of factors, including market or economic conditions, natural disaster, adverse weather conditions, delays in obtaining requisite permits and approvals from relevant government authorities as well as other factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flow and results of operations.

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We may not be able to complete our projects according to schedule which may adversely affect our business and financial condition

The progress of a property development project can be adversely affected by many factors, including:

- changes in market conditions including the credit market;
- delays in obtaining necessary licenses, permits or approvals from government agencies or authorities;
- changes in government rules and regulations and the related practices and policies, including reclamation of land for public works or facilities;
- disputes with our joint venture partners;
- increases in the prices of raw materials;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes and strikes;
- construction accidents;
- natural disasters or adverse weather conditions; and
- other unforeseen problems or circumstances.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedules or budgets as a result of the above factors may adversely affect our business and financial condition and may also cause reputational damage. We cannot assure you that we will not experience such delays in delivery of our property projects in the future or that we will not be subject to any liabilities for any such delays.

We had significant cash outflow from operations during the Track Record Period and we may not be able to timely obtain sufficient financing to fund our land acquisitions or property developments

Property development usually requires substantial capital investment during the land acquisition and construction period. It is not unusual for a property developer to generate negative operating cash flow over a particular period when the cash outlay for land acquisition and construction expenditures during that period, after offsetting changes in other working capital items, exceeds the cash inflow

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from property sales over the same period. We experienced significant cash outflow from operating activities during the Track Record Period as we rapidly expanded our land bank and development activities. For the years ended December 31, 2012, 2013 and 2014, we had net cash used in operating activities of RMB156.9 million, RMB3,704.3 million and RMB6,343.5 million, respectively. We therefore require external funding to expand our business and to acquire land and develop new projects. We have utilized trust and other borrowings in addition to traditional bank borrowings to fund our business operations in the past. We expect to continue to fund our projects through these sources. However, we cannot assure you that such funds will be sufficient or that any additional external financing can be obtained on satisfactory or commercially reasonable terms, or at all.

A number of factors, such as general economic conditions, our financial performance, credit availability from financial institutions and monetary policies in the PRC, may affect our ability to obtain adequate financing for our projects on favorable terms, if at all. Many of these factors are beyond our control. The PRC government has in recent years taken a number of measures in the financial sector to further tighten lending requirements for property developers to cool down excessive growth in the property sector, which, among other things:

- prohibit PRC commercial banks from extending loans to property developers to finance land premiums;
- restrict PRC commercial banks from extending loans for the development of villas;
- restrict PRC commercial banks from granting or extending revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- prohibit PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for mortgage loans;
- prohibit PRC commercial banks from granting loans to development projects that fail to meet capital ratio requirements or lack the required government permits and certificates; and
- prohibit property developers from using borrowings obtained from any local banks to fund property developments outside that local region.

In addition, PBOC regulates the reserve requirement ratio for commercial banks in the PRC, which affects the availability and cost of financing from them. PBOC adjusted the bank reserve requirement ratio twice in 2012, twice in 2014 and five times in 2015 up to the Latest Practicable Date. The reserve requirement ratio for commercial banks currently ranges from 13.5% to 17.5%. We cannot assure you that the PRC government will not introduce other measures which may limit our access to capital resources. The foregoing and other governmental actions and policy initiatives may limit our ability to use bank borrowings or trust and other borrowings to finance our property developments and therefore may require us to maintain a relatively high level of internally sourced cash or obtain funding at a higher cost. As a result, our business, results of operations, and financial condition may be materially and adversely affected.

RISK FACTORS

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

We are subject to certain restrictive covenants in our loan and financing agreements with certain banks, trust companies and other financial institutions. Some of our loan agreements, for example, obligate our borrowing subsidiaries to maintain certain financial ratios. In addition, certain loan agreements contain covenants pursuant to which we or our borrowing subsidiaries may not enter into merger, joint venture or restructuring transactions, decrease registered share capital, transfer material assets, liquidate, change shareholdings or distribute dividends without the lenders' prior written consent.

Our trust and other financing agreements generally also contain certain covenants stipulating, among others, that we or our borrowing subsidiaries will not repay shareholders' loans, misuse proceeds, provide guarantees, distribute dividends, enter into merger, joint venture or acquisition transactions, transfer material assets or change registered share capital without notifying the lender, obtaining a prior consent from the lender or fully repaying the outstanding amount under the relevant agreements. Pursuant to some of the trust financing arrangements, the trust companies have veto rights over certain of our corporate actions. In addition, many of our trust and other borrowings are secured by either a pledge or a transfer, or both, of our equity interests in the relevant project company subsidiary to the lender. See the section headed "Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and Other Borrowings" in this prospectus. If we fail to comply with any of those covenants resulting in the lenders' requests for acceleration or other default remedies, we may lose part or all of our equity interests in the relevant project company subsidiaries and/or our share in the asset value of the relevant property projects. The occurrence of any of the above events may have a material adverse effect on our business, financial condition and results of operations.

If we fail to collect our receivables, our financial condition, results of operations and cash flow may be materially and adversely affected

We recorded trade and other receivables in the amount of RMB483.4 million, RMB633.9 million, RMB261.3 million and RMB267.2 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively. One of the receivables is a payment due from the Xiangcheng district government, Zhangzhou, in relation to certain contractual arrangements for the construction of a road and preparation of adjacent land parcels. See the section headed "Financial Information—Certain Consolidated Balance Sheet Items—Trade and Other Receivables and Prepayments" in this prospectus. We cannot assure you that we will be able to collect receivables from our debtors, including Xiangcheng district government, in full or in a timely manner. We could be forced to write off certain receivables in accordance with HKFRS if our debtors, including Xiangcheng district government, failed to honor their repayment obligations. In addition, we may incur expenses and have management resources diverted relating to the collection of our receivables, such as through legal proceedings. As such, our financial condition, results of operations and cash flow may be materially and adversely affected.

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Our business may be adversely affected if we fail to obtain, or if there is any delay in obtaining, the relevant PRC governmental approvals for our property development projects

We are required to obtain various permits, licenses, certificates and other approvals from the relevant PRC government authorities at various stages of project development including, but not limited to, state-owned land use rights certificates, planning permit for construction land, planning permits for construction works, permits for commencement of construction works, pre-sale permits for commodity properties and certificates or confirmations of completion and acceptance. In particular, we are required to obtain state-owned land use rights certificates before commencing any property development and such certificates would generally only be issued after certain conditions have been satisfied. Such conditions include the relevant project company having executed the state-owned land use rights granting contracts (國有土地權出讓合同) with the relevant authorities whereby the land use rights are granted to the relevant project company, provided we have paid the land premium in full.

As of the Latest Practicable Date, we had a total attributable site area of approximately 0.3 million sq.m. in properties held for future development, corresponding to approximately 1.0 million sq.m. in attributable estimated GFA, for which we had not obtained the relevant land use rights certificates. We had either paid the relevant land premiums and were awaiting the relevant government agencies to issue the land use rights certificates or had not paid the relevant land premiums because (a) the relevant local governments had extended the relevant payment period as they had not completed resettlement and infrastructure work in relation to the land parcels or (b) the relevant land premiums had not become due. The aggregate amount of the outstanding land premiums was approximately RMB3,460.0 million as of the Latest Practicable Date. We expect to make the payments pursuant to the land grant contracts and apply for the land use rights certificates in due course. The following table sets forth certain details of such land parcels:

Project	Attributable site area without land use rights certificate	Corresponding attributable estimated GFA	Expected timing of receiving certificates
	(sq.m.)	(sq.m.)	
The Twin Harbor City.....	160,617	516,344	June 2016
The Long Island	<u>99,935</u>	<u>465,092</u>	April 2016
Total	<u><u>260,552</u></u>	<u><u>981,436</u></u>	

During the Track Record Period, we did not make land premium payments as scheduled under the land grant contracts for certain of our property development projects, and therefore could not obtain the relevant land use rights certificates within the expected time frame. We cannot assure you that we will not encounter similar problems with respect to continuing scheduled land premium payments, including the outstanding ones described above, going forward, for similar or other reasons. See “—We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late fees if we breach the terms of the land grant contracts” below. We cannot assure you that we will receive the various land use rights certificates within the expected time frame, because the timing of issuance of such certificates may be subject to factors out

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of our control, including the relevant government resettlement schedules. If we fail to receive such certificates, our development schedule may be disrupted, which, in turn, may have a material and adverse effect on our business, results of operations and financial condition.

We cannot assure you that we will not encounter problems in obtaining other government approvals or in fulfilling the conditions required for obtaining other government approvals and certificates. If we fail to obtain the relevant approvals or to fulfill the conditions of the approvals and certificates for our property development, those developments may not proceed on schedule. As a result, our business, results of operations and financial condition may be materially and adversely affected.

We are exposed to contractual and legal risks related to pre-sales, which could have a material adverse effect on our business, financial condition and result of operations

We make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. A customer may also refuse to accept the delivery or even terminate the pre-sale contracts if the GFA of the relevant unit, as set out in the individual property ownership certificate, deviates by more than 3% from the GFA of that unit set out in his or her contract. We cannot assure you that we will not experience any delays in the completion and delivery of our properties, nor that the GFA for a delivered unit will not deviate more than 3% from the GFA set out in the relevant pre-sale contract. Any of such factors could have a material adverse effect on our business, financial condition and results of operations.

We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition

We have formed joint ventures with other property developers to develop projects and may continue to do so in the future. As of October 31, 2015, we had 12 projects we jointly controlled with other property developers and one project operated with another property developer in which we had no control. We relied to a considerable extent on joint venture projects, in particular, those developed by Shiou Group, for profitability during the Track Record Period. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, we recorded our “share of profits of investments accounted for using the equity method, net” of RMB130.6 million, RMB324.2 million, RMB240.7 million and RMB116.8 million, respectively, accounting for 49.7%, 42.7%, 28.9% and 25.2%, respectively, of our profit before income tax. See the section headed “Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Share of Profits of Investments Accounted for Using the Equity Method, net” in this prospectus. In addition, as of December 31, 2012, 2013 and 2014 and June 30, 2015, we recorded amounts due from joint ventures of RMB794.6 million, RMB3,143.4 million, RMB2,521.1 million and RMB1,936.8 million, respectively. We and our joint venture partners provided such amounts to the project companies in proportion to our shareholding percentages in order to fund the project companies’ land acquisition

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and as working capital. Once these project companies obtain external borrowings or commence pre-sale and generate cash flow, they will repay the amounts due to us on demand. See the section headed “Financial Information—Certain Consolidated Balance Sheet Items—Amounts Due from Related Parties—Amounts Due from Joint Ventures” in this prospectus. Therefore, the timing of such joint ventures’ capital outlays may materially and adversely affect our results of operations.

The success of a joint venture depends on a number of factors, some of which are beyond our control. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures. In addition, in accordance with PRC law, certain matters relating to joint ventures require the consent of all parties to the joint ventures. Joint ventures may involve risks associated with, among others, the possibility that our joint venture partners may:

- have economic or business interests or goals inconsistent with ours;
- take actions contrary to our instructions, requests or our policies or objectives;
- be unable or unwilling to fulfill their obligations under the relevant joint venture agreements;
- have financial difficulties; or
- have disputes with us as to the scope of their responsibilities and obligations.

In addition, since we do not have full control over the business and operations of our joint ventures, we cannot assure that they have been, or will be in strict compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our joint ventures or our joint ventures will not violate applicable PRC laws and regulations, which may have an adverse effect on our business, results of operations and financial condition.

The illiquidity of property investments or fluctuations in property value could limit our ability to respond to adverse changes in the performance of our investment properties or reduce our share of economic benefits of investment properties held by our joint ventures

We plan to hold a portion of the properties we have developed as investment properties. See the section headed “Business—Our Hotels and Investment Properties” in this prospectus. In addition, our joint ventures have substantial holdings of investment properties and we derived the benefit of substantial amounts of fair value gains on investment properties held by the joint ventures via our share of their profits during the Track Record Period. Shiou Property, our main joint venture 50%-owned by us, and its subsidiaries, or the Shiou Group, recorded such valuation gains of RMB6.1 million, RMB452.9 million, RMB505.0 million, RMB316.1 million and RMB66.3 million for years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively, representing 1.4%, 43.7%, 69.0%, 56.6% and 9.6%, respectively, of the Shiou Group’s total profit before income tax for the same periods. For details of our risks relating to our joint ventures, see the section headed “—We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition”

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as discussed above. Because property investments in general are relatively illiquid, one's ability to promptly sell one or more of investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and general supply and demand, many of which are beyond our control. We or our joint ventures cannot predict whether we or our joint ventures will be able to sell any investment properties on satisfactory terms, or whether any price or other terms offered by a prospective purchaser would be acceptable to us or our joint ventures. We or our joint ventures also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. In addition, if we or our joint ventures sell an investment property during the term of that property's management agreement or tenancy agreement, we or our joint ventures may have to pay termination fees. Furthermore, we cannot assure you that we or our joint ventures will achieve fair value gains on our or their investment properties.

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations

Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. Since 2012, the PRC government reduced base interest rates many times to stimulate the economy. The one-year benchmark lending rate was decreased to 6.31% on June 8, 2012, to 6.00% on July 6, 2012, to 5.60% on November 22, 2014, to 5.35% on March 1, 2015, to 5.10% on May 11, 2015, to 4.85% on June 28, 2015, to 4.6% on August 26, 2015 and further to 4.35% on October 24, 2015. As of the Latest Practicable Date, the benchmark one-year lending rate was 4.35%. As commercial banks in China and other financial institutions based in China link the interest rates on their loans to benchmark lending rates published by the PBOC, any increase in such benchmark lending rates will increase the mortgage rates of our customers and our financing costs.

We guarantee the mortgage loans provided by financial institutions to our customers and, consequently, we are liable to the mortgagees if our customers default

We arrange for various banks to provide mortgage loans to the purchasers of our properties. In accordance with market practice, PRC domestic banks require us to guarantee these mortgages. We generally provide guarantees until the purchasers of our properties obtain the relevant "strata-title building ownership certificate (分戶產權證)" and certificate is registered in favor of the bank. We rely on credit checks conducted by the bank on our customers and do not conduct our own credit checks. The guarantees cover the full value of mortgages that purchasers of our properties have obtained to finance their purchases and any additional payments or penalties imposed by mortgagee banks for any defaults in mortgage payments. In our experience, the typical guarantee period ranges from one year to three years. We deposit with the mortgage bank an amount which typically represents less than 5% of the mortgage to which the guarantee relates. If a customer defaults on payment of its mortgage, the mortgagee bank may deduct the payment due from the deposited sum and require that we immediately repay the entire outstanding balance of the mortgage pursuant to the guarantee and we also have the right to terminate the sales contract with the defaulting customers. Upon satisfaction of our obligations under the guarantee, the mortgagee bank would then assign its rights under the mortgage to us and we would then have full recourse to the property. As of December 31, 2012, 2013 and 2014 and June 30, 2015, our outstanding guarantees over the mortgage loans of our customers amounted to RMB1,931.1 million, RMB2,678.1 million, RMB3,579.9 million and RMB4,579.0 million,

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respectively. During the Track Record Period and up to the Latest Practicable Date, we had five incidents where we were jointly and severally liable for a purchaser's default under his mortgage loan, for an aggregate amount of approximately RMB1.8 million. We cannot assure you that defaults by our customers will not occur or the rate of such defaults will not increase in the future. If a significant amount of our guarantees is called upon at the same time or in close succession, our results of operations and financial condition may be materially and adversely affected to the extent that there is a material depreciation in the market value of the relevant properties or that we cannot resell such properties due to unfavorable market conditions or other reasons.

Any breach of contractual obligations by third-party contractors for the construction of our property development projects may adversely affect our results of operations and financial condition

We engage third-party contractors to provide various services, including the construction of buildings for our property development projects. We generally select third-party contractors through competitive bids and also through internal assessment of general factors including their demonstrated competence, market reputation and our prior relationship with them. Completion of our projects is subject to the satisfactory performance by these third-party contractors of their contractual obligations, including their adherence to the pre-agreed schedule for completion. We cannot assure you that the services rendered by any of these third-party contractors will be satisfactory or be completed on time. If the performance of any third-party contractor proves unsatisfactory, or if any of them is in breach of its contractual obligations, we may need to replace such contractor or take other actions to remedy the situation, which could materially and adversely affect our cost and construction progress of our projects. Furthermore, a contractor's financial or other difficulties may cause the delay in the completion of our property developments and result in our incurring additional costs, which may have a material adverse effect on our results of operations and financial condition.

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

We normally engage third-party contractors for construction of our projects. Such third-party contractors are responsible for procuring construction materials including but not limited to steel and cement, the prices of which can be volatile. According to our contracts with our construction contractors, in the event that the prices of the equipment and construction materials procured by our construction contractors fluctuate beyond a pre-determined band from the pre-agreed price, we will adjust our payments to our contractors accordingly. Therefore, any material increase in the cost of construction materials or contractors' labor costs may lead to future increases in construction contract costs. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if construction costs increase subsequent to the pre-sale. Our inability to pass cost increases to our construction contractors or our customers may result in decrease in our profit margins and adversely affect our results of operations and financial condition. In addition, with the overall improvement of living standards in China as well as the PRC government's recent policies aimed at increasing wages of migrant workers, we expect labor costs of our third-party contractors to continue to increase in the near future, which could also have an adverse effect on our results of operations and financial condition.

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If our provisions for LAT prove to be insufficient, our financial results would be adversely affected

Our properties developed for sale are subject to LAT. Under PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value. LAT is calculated based on proceeds received from the sale of properties less deductible expenditures as provided in the relevant tax laws. We make provisions for the estimated full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. As we often develop our projects in phases, deductible items for the calculation of LAT, such as land costs, are apportioned among different phases of development. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT. We only prepay a portion of such provisions each year as required by the local tax authorities. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we made provisions for LAT in the amounts of RMB51.7 million, RMB174.9 million, RMB229.8 million and RMB121.5 million, respectively. As of the Latest Practicable Date, we had not had any disagreement with government authorities with respect to our LAT calculations. We however cannot assure you that the relevant tax authorities will always agree with our calculation of LAT liabilities, nor can we assure you that the LAT provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions, and seek to collect that excess amount, our cash flow, results of operations and financial condition may be materially and adversely affected. In addition, as we continue to expand our property developments, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection retrospectively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may significantly restrict our cash flow position, our ability to finance our land acquisitions and to execute our business plans.

We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late payment fees if we breach the terms of the land grant contracts

Under PRC laws and regulations, if a developer fails to develop land according to the terms of the land grant contract (including those relating to designated use of land, time for commencement and completion of development of the land), the relevant government authorities may issue a warning to, or impose a penalty on, the developer or require the developer to forfeit the land use rights.

Under typical land grant contracts, any violation of payment schedule of land premium as stipulated under the land grant contracts may subject a developer to late payment fees or even result in termination of the land grant contracts. During the Track Record Period, we did not make land premium payments as scheduled under the land grant contracts for certain of our property development projects and were subject to late payment fees. As of the Latest Practicable Date, except with respect to the Long Island and The Twin Harbor City projects described in “Business—Our Property Development Management—Land Acquisition—Delay in Payment of Land Premium,” we had paid all

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land premiums and late payment fees in full. We cannot assure you, however, that we will not experience delays in making land premium payment in the future. If we incur late payment fees in the future, our business, financial position and results of operations may be materially and adversely affected.

Under Law on Civil Air Defense of the PRC (《中華人民共和國人民防空法》), newly built civil buildings shall construct underground spaces as required under relevant rules and regulations for air defense purpose during war time. Therefore local authorities generally stipulate certain site areas of the civil air defense underground spaces of a project during the project planning in accordance with relevant laws, rules and local regulations. According to Civil Air Defense Law and Management Measures of Normal Development and Utilization of Air Defense Projects (《人民防空工程平時開發利用管理辦法》), civil air defense projects are normally under the management of investors who are entitled to the proceeds from such projects. Hence each company who develops air defense underground spaces has the right to receive proceeds from such projects by lease or other measures. We confirm that as of the Latest Practicable Date, we occupied a total site area of approximately 176,974 sq.m. civil air defense underground spaces, most of which are used for car parks, representing an insignificant portion of our property portfolio. We have accounted for such properties as completed properties held for sale.

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

Pursuant to the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by MOHURD on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We may be required by relevant government authorities to file the lease agreements for registration within a time limit, and may be subject to a fine for non-registration exceeding such time limit, which may range from RMB1,000 to RMB10,000 subject to the discretion of the government authorities. See the section headed “Business—Legal Proceedings and Compliance—Compliance with Laws and Regulations—Systemic Non-compliance Incidents—Lack of Lease Registration.”

We will incur finance cost in settling advances to our joint ventures and associated company

During the Track Record Period, we made certain advances to certain of our joint ventures and an associated company proportionally with our project partners as part of the mutually agreed funding arrangements for the relevant projects. See the section headed “Business—Legal Proceedings and Compliance—Compliance with Laws and Regulations—Certain Other Non-compliance Incidents.” We entered into an agreement on December 25, 2015 to transfer our rights over such advances to a trust company on a non-recourse basis, in which the remaining advances will be settled in full before Listing. We estimate that we will incur finance cost of approximately RMB75.0 million from such arrangement, which we will record as finance cost. See the section headed “Financial Information—Certain Consolidated Balance Sheet Items—Amounts Due from Related Parties.” Such finance cost will have an adverse effect on our net profit for the period in which such finance cost is recorded.

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We may be liable to our customers for damages if we do not deliver individual property ownership certificates in a timely manner

Property developers in the PRC typically assist purchasers of properties to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and purchase agreement. Property developers, including ourselves, generally elect to specify the deadline for the delivery of properties in the property sale and purchase agreements to allow sufficient time for the application and approval processes. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of land resources and housing administration after receipt of the completion and acceptance certificate for the relevant properties and apply for the property ownership initial registration in respect of these properties. We are then required to submit after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. We cannot assure you that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates due to our fault or for any reason beyond our control.

The total GFA of some of our developments may exceed the original permitted GFA and the excess GFA is subject to governmental approval and will require us to pay additional land premium

The permitted total GFA for a particular development is set out in various governmental documents issued at various stages. In many cases, the underlying land grant contract will specify permitted total GFA. Total GFA is also set out in the relevant urban planning approvals and various construction permits. If constructed total GFA exceeds the permitted total, or if the completed development contains built-up areas that the authorities believe do not conform to the approved plans as set out in relevant construction works planning permit, we may not be able to obtain the acceptance and compliance form of construction completion (竣工驗收備案表) for our development and, as a consequence, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. Moreover, excess GFA requires additional governmental approval, and the payment of additional land premium. If issues related to excess GFA cause delays in the delivery of our products, we may also be subject to liability to purchasers under our sales and purchase agreements. We cannot assure you that constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA, or that the authorities will determine that all built-up areas conform to the plans approved as set out in the construction permit. Moreover, we cannot assure you that we would have sufficient funding to pay any required additional land premium or to take any remedial action that may be required in a timely manner, or at all. Any of these factors may materially and adversely affect our reputation, business, results of operations and financial condition.

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The appraisal value of our properties may be different from the actual realizable value and is subject to change; if the actual realizable value of our properties is substantially lower than their appraised value, our business, results of operations and financial condition may be materially and adversely affected

The appraisal value of our properties as contained in Appendix III—Property Valuation Report was prepared by Jones Lang LaSalle based on multiple assumptions containing elements of subjectivity and uncertainty, including, among other things, that:

- we will complete development projects on time;
- we have obtained or will obtain on a timely basis all licenses and approvals from regulators necessary for the development of the projects; and
- we have paid all the land premiums and obtained all land use rights certificates and transferable land use rights without any payment obligation of additional land premiums.

Therefore, the appraisal values 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 the property projects as well as national and local economic conditions may affect the value of our properties. In particular, the valuation of our investment properties could stagnate or even decrease if the market for comparable properties in the PRC experienced a downturn as a result of PRC government tightening measures on the property sector, any continued effect of the adverse macroeconomic environment or other reasons. If any of the assumptions proves incorrect or the actual realizable value of any of our properties is significantly lower than its appraisal value, our business, results of operations and financial condition may be materially and adversely affected.

We are a holding company and rely primarily on dividends paid by our subsidiaries and joint ventures to fund any cash and financing requirements we may have, and any limitation on the ability of our subsidiaries or joint ventures to pay dividends to us could have a material adverse effect on our ability to conduct our business

We are a holding company incorporated in the Cayman Islands and we conduct our business operations primarily through our subsidiaries and joint ventures in China. We are financially dependent on dividends received from these entities. Therefore, we may face financial difficulties should such entities incur debt or losses affecting their ability to pay us dividends or make other distributions to us.

According to the PRC regulations, companies may distribute their after-tax profits, as determined in accordance with the PRC accounting principles (which differ in many aspects from the generally accepted accounting principles in other jurisdictions), to their shareholders according to their capital contribution only after they have made appropriate contributions to the relevant statutory reserves. Furthermore, our subsidiaries or joint ventures may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities and joint venture agreements, to which they may be subject. Pursuant to certain project loans entered into by our PRC subsidiaries, joint ventures and associated company with PRC financial institutions, such loan

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agreements contain dividend blocking clauses requiring our PRC subsidiaries, joint ventures and associated company to obtain the lending banks' approval or to fully settle the loan prior to distributing any dividends, which could reduce the amounts that we may receive from the relevant PRC subsidiaries. Based on the project loans that were in force as of the Latest Practicable Date, we estimate, solely based on the assumptions and basis employed in our management's forecast on our future profit, that 13% and nil of our Group's total distributable profits as of December 31, 2015 and 2016, respectively, will be restricted by such dividend blocking clauses and will not be available for potential distribution to our Shareholders. Any of the above factors may affect our ability to pay dividends to our Shareholders and to service our indebtedness, which could materially and adversely affect our ability to conduct our business.

Compliance with PRC laws and regulations regarding environmental protection or preservation of antiquities and monuments could result in substantial delays in construction schedule and additional costs

We are subject to extensive PRC laws and regulations concerning environmental protection and preservation of antiquities and monuments which impose fines for violation and authorize government authorities to shut down any construction sites that fail to comply with governmental orders requiring the cessation of certain activities causing environmental damage. The application of such laws and regulations vary greatly according to a site's location, its environmental condition, present and former use, as well as the circumstances of its adjoining properties. Such variation in application may result in delays in our project completion and may cause us to incur substantial compliance and other costs and severely restrict our project development activities in certain regions or areas.

As required by PRC laws and regulations, each project we develop is required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of project construction. If we fail to meet such requirements, the local authorities may issue orders to suspend our construction activities and impose a penalty in the range of RMB50,000 to RMB200,000. We cannot assure you that we will be able to comply with all such requirements with respect to environmental assessments. In the event of a suspension of construction and/or imposition of a fine as a result of our non-compliance, our financial condition may be materially and adversely affected.

There is a growing awareness of environmental issues in the PRC and we may sometimes be expected to meet more stringent standards than those under applicable environmental laws and regulations. We have not adopted any special environmental protection measures other than the measures generally taken in the ordinary course of business by comparable companies in our industry. There is no assurance that more stringent requirements on environmental protection will not be imposed by the relevant PRC governmental authorities in the future. If we fail to comply with existing or future environmental laws and regulations or fail to meet public expectations, our reputation may be damaged or we may be required to pay penalties or fines or take remedial actions, any of which could have a material adverse effect on our business, results of operations and financial condition.

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We may be involved in legal and other proceedings arising out of our operations from time to time and may face significant liabilities as a result

We may be involved in disputes with various parties involved in the development and sale of our properties, including contractors, suppliers, construction workers, purchasers and project development partners. See the section headed “Business—Legal Proceedings and Compliance” in this prospectus. These disputes may lead to legal or other proceedings and may result in substantial costs and diversion of resources and management’s attention. As some of our projects comprise multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in pecuniary liabilities and cause delays to our property developments. From time to time, our officers and management may be parties to litigation or other legal proceedings. Even though our company may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

A deterioration in our brand image or any infringement of our intellectual property rights could adversely affect our business

We rely to a significant extent on our brand name, “Rongxin” (“融信”), in marketing our properties. Brand value is based largely on subjective consumer perception and can be damaged by isolated incidents that diminish consumer trust. Any negative incident or negative publicity concerning us or our business could adversely affect our reputation and business. Our brand value and consumer demand for our properties could decline significantly if we fail to maintain the quality of our properties or fail to deliver a consistently positive experience for the purchasers of our properties, or if we are perceived to have acted in an unethical or socially irresponsible manner. In addition, our efforts to protect our brand name may not be adequate, and we may be unable to identify any unauthorized use of our brand name or to take appropriate steps to enforce our rights on a timely basis. Any unauthorized use or infringement of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations. In addition, we have allowed Zhangzhou Rongxin Crowne Plaza Holiday Hotel in Zhangzhou and Rongxin (Fujian) Property Management Co., Ltd., the property management company we have engaged to manage our properties, and may in the future authorize additional non-Group companies, to use our brand. While we seek to maintain our brand image by requiring these companies to comply with relevant rules and standards relating to the use of our brand name, we cannot assure you that these parties will not use our brand name in a way that negatively affects our reputation and the reputation of our projects, which in turn may have an adverse effect on our results of operations and financial condition.

In addition, our service marks, trademarks, trade secrets and other intellectual property are critical to our success. We rely on trademark and copyright law, trade secret protection and confidentiality agreements with our employees, customers, business partners and others to protect our intellectual property rights. Despite the precautions taken, it may be possible for third parties to obtain and use our intellectual property without authorization, which may adversely affect our business and

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reputation. Moreover, litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of resources and, consequently, adversely affect our business and results of operations.

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

We maintain insurance as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. We do not, however, maintain insurance against all risks associated with our operations, such as insuring our projects under development against natural or accidental damage and destruction by fire, flood, lightning, explosions or other hazards during construction periods or insuring our assets against certain natural disasters. We may incur losses, damages or liabilities during any stage of our property development and we may not have sufficient funds to cover the same or to rectify or replace any uninsured property or project that has been damaged or destroyed. In addition, any payments we are obligated to make to cover any losses, damages or liabilities may materially and adversely affect our business, results of operations and financial condition.

Our business depends substantially on the continuing efforts of the members of our senior management and qualified personnel and our ability to attract and retain them, and, if we lose the services of any of these key management and personnel and cannot replace them in a timely manner, or at all, our business may be materially and adversely affected

Our business depends, to a significant extent, on the capability and expertise of our senior management team members, including our executive directors and other members of our management who have operational experience in the real estate business. In particular, we rely on Mr. Ou, our founder and Chairman, who has more than 16 years of experience in the development and management of real estate industry. If one or more of our senior management team members are unable or unwilling to continue in their present positions, we may not be able to identify and recruit suitable replacements in a timely manner, or at all, and the implementation of our business strategies may be affected, which could materially and adversely affect our operations. In addition, we rely on our employees, which include qualified design, construction management, quality control, marketing, on-site supervisory and construction management personnel for our daily operations and business expansion. We cannot assure you that we will be able to continue to attract and retain sufficient skilled and experienced employees in the future. If we fail to recruit, retain or train skilled employees, our growth and business prospects could be adversely affected.

We may be subject to additional payments of statutory employee benefits

As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds, to designated government agencies. During the Track Record Period, we did not make sufficient contributions to the social insurance and housing provident funds for some of the employees due to

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miscommunication between our departments, inconsistency in implementation or interpretation of the relevant PRC laws and regulations among government authorities in the PRC and, in some cases, voluntary decisions by the relevant employees. See the section headed “Business—Legal Proceedings and Compliance—Compliance with Laws and Regulations” in this prospectus.

According to the relevant PRC laws and regulations, our failure in making requisite social insurance or housing provident fund contributions may result in a fine imposed on us or us being required to rectify the non-compliance by any relevant governmental authorities. As of June 30, 2015, we had made provisions for unsubscribed contributions in the aggregate amount of approximately RMB16.3 million.

We cannot assure you that we will not be subject to any order to rectify non-compliance in the future, nor can we assure you that there are no, or will not be any, employee complaints regarding payment of the social insurance or housing provident funds against us, or that we will not receive any claims in respect of social insurance contributions under national laws and regulation. In addition, we may incur additional expenses to comply with such laws and regulations by the PRC government or relevant local authorities.

Voluntary withdrawal from entering into definitive land grant contracts with the local PRC governments after successful bidding for land parcels may lead to the forfeit of the prepayment for the relevant land acquisitions

Under current PRC laws and regulations, we are required to make a certain deposit to the local PRC governments in order to participate in the tender, auction or listing process. This deposit typically becomes non-refundable after a developer wins a bid for a land parcel. In 2008, we participated in a land auction in Fuzhou and won a bid with respect to certain urban land parcels for a total land premium of RMB904 million. Based on our then understanding of the property market and business judgment, we decided not to proceed with our winning bid and terminated the land grant contract with the Bureau of Land Resources of Fuzhou. We had paid a deposit of RMB70 million with the Bureau of Land Resources of Fuzhou, which was consequently forfeited pursuant to the land grant contract. If we have to abort land acquisitions again in the future with similar consequences, our business, financial condition and results of operations will be materially and adversely affected.

The interests of our Controlling Shareholders may not always coincide with the best interests of our Company and our other Shareholders, and we cannot assure you that our Controlling Shareholders will vote on Shareholders’ resolutions in a way that will benefit our other Shareholders

Immediately after completion of the Global Offering, our Controlling Shareholders will, in aggregate, beneficially own 75% of our issued share capital (assuming the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised). Accordingly, our Controlling Shareholders, through their voting power at Shareholders’ meetings and their delegates on our Board, will be in a position to exert significant influence over our management and corporate

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policies, including our development strategies, capital expenditure and distribution plans. In addition, our controlling shareholders may cause us to implement corporate transactions which might not be in, or may conflict with, our other Shareholders' best interests. In particular, our Controlling Shareholders are able to:

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

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

RISKS RELATING TO THE PROPERTY INDUSTRY IN CHINA

Our business is subject to extensive government regulation, and we are particularly susceptible to policy changes relating to the PRC property sector

Our business is subject to extensive government regulation. As with other PRC property developers, we must comply with various requirements mandated by the PRC laws and regulations, including the policies and procedures established by local authorities designed to implement such laws and regulations. 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, property financing, taxation and foreign investment. Specifically, the PRC government may restrict or reduce land available for property development, raise 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, impose foreign exchange restriction on cross-border investment and financing related activities and restrict foreign investment in the PRC property sector and restrict or reduce the supply of land for property development. Such property industry policies may materially and adversely affect our operations or our future business development. In addition, many of the property industry policies carried out by the PRC government in recent years are expected to be amended over time. Other political, economic and social factors may also lead to further amendments of such policies. We cannot assure you that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. If we fail to adapt our operations to these new policies, regulations and measures that may come into effect from time to time, or if such policy changes negatively impact our business or cause us to incur additional costs, our results of operations, financial condition and prospects may be materially and adversely affected.

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You should read the various risk factors in “—Risks Relating to the Property Industry in China” below and the section headed “PRC Regulatory Overview” in this prospectus for more detailed descriptions relating to the extensive PRC government regulation in the property sector.

The PRC government may adopt further measures to regulate the property sector

Investments in the PRC property sector have increased significantly in the past decade. In response to concerns over the rapid increase in property investments and property prices, from 2004 to the first half of 2008, the PRC government introduced various policies and measures to curtail property developments. In the second half of 2008 and in 2009, in order to combat the impact of the global economic slowdown, the PRC government adopted measures to encourage consumption in the residential property market and to support real estate development. However, since December 2009, the PRC government has adjusted some of its policies in order to enhance regulation in the property market, restrain property purchases for investment or speculation purposes and keep property prices from rising too quickly in certain cities, including abolishing certain preferential treatment relating to business taxes payable upon transfers of residential properties by property owners and imposing more stringent requirements on the payment of land premium by property developers; requiring higher minimum down payment, granting the right to commercial banks to stop lending, punishing speculative developers and requiring mandatory disclosure of property ownership; imposing property purchase restrictions on non-local residents, decreasing the maximum loan to value ratio of mortgage loans offered to borrowers, and increasing mortgage interest rates and construction loan interest rates; increasing the minimum down payment to at least 60% of the total purchase price for second-property purchases with a minimum lending interest rate of at least 110% of the benchmark rate, in certain targeted cities restricting purchasers from acquiring second (or further) residential properties and restricting non-residents that cannot provide any proof of local tax or social security payments for more than a specified time period from purchasing any residential properties, launching new property tax schemes in certain cities on a trial basis, and levying business tax on the full amount of transfer price if an individual owner transfers a residential property within five years of purchase.

In August 2011, MOHURD urged provincial governments to implement home purchase restrictions to control property prices, and listed criteria for the implementation of restrictions. In the second half of 2011, in order to further cool down the property market, the PRC government extended home purchase restrictions to certain second- and third-tier cities in addition to 40 first- and second-tier cities that had already adopted home purchase restriction measures. On February 26, 2013, the General Office of the State Council issued the Circular on Further Promoting Real Estate Market Regulation, which provides, among other things, that a 20% individual income tax should be levied on the difference between the sale proceeds and the purchase price for the owner’s transfer of residence. At the end of 2013, a new round of policies aimed at promoting affordable housing and discouraging speculative investments in residential properties was announced in a number of large Chinese cities, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou. However, home purchase restriction policies have been relaxed recently. As of the Latest Practicable Date, we had 21 property development projects located in five cities across China and 12 projects we jointly controlled with other property developer and one project we operated with another property developer in which we had no control in the same region, all of which had introduced new rules to adjust home purchase restriction policies, abolishing such

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restrictions in the whole city, in some urban areas or with respect to certain eligible persons who lack local household registration. For more information on the PRC government policies in the property sector, see the sections headed “PRC Regulatory Overview” and “Industry Overview—Real Estate Markets of Selected Cities in the PRC.”

These and other future measures may limit our access to capital, reduce market demand for our products and increase our finance costs. We cannot assure you that the PRC government will not adopt more stringent policies, regulations and measures in the future. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, results of operations, financial condition and prospects may be materially and adversely affected.

Our business will be adversely affected if mortgage financing becomes more costly or otherwise less attractive or available

Many purchasers of our properties rely on mortgages to finance their purchases. Any increase in interest rates may significantly increase the cost of mortgage financing, thus affecting the purchasers’ affordability of properties. In addition, the PRC government and commercial banks may increase the down-payment requirement, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

From time to time, the PRC government issues laws, regulations or policies regarding mortgage financing to regulate the PRC property market. In January 2010, the State Council issued the Circular on Promoting the Stable and Sound Development of the Real Estate Market, which, among other things, provides that homeowners with outstanding mortgage loans who intend to buy additional properties for themselves, their spouses or dependent children are required to pay a down payment of no less than 40% of the purchase price and the applicable interest rate shall be set strictly based upon the associated risk level. In April 2010, the State Council issued a notice to raise 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, pursuant to such notice, interest rate for mortgage loans of second homes cannot be lower than 110% of the PBOC benchmark lending rate. In May 2010, MOHURD, PBOC and CBRC jointly issued a circular to clarify that the number of residential properties owned by an individual property purchaser who is applying for mortgage loans shall be determined by all residential properties owned by the family members of such purchaser (including the purchaser and such purchaser’s spouse and children under the age of 18), and that property purchasers of second or subsequent residential properties shall be subject to different credit terms when applying for mortgage loans. According to a notice jointly issued by PBOC and CBRC on September 29, 2010, the minimum down-payment has been raised to 30% for all first home purchases, and commercial banks are required to suspend mortgage loans for purchases of a customer’s third or subsequent residential properties. In January 2011, the State Council issued a circular to further raise the minimum down-payment requirement for second home purchases to 60%. In addition, mortgagee banks may not lend to any individual borrower if the monthly repayment of the anticipated mortgage loan would exceed 50% of the borrower’s monthly income or if the total debt service of the borrower would exceed 55% of such individual’s monthly income. Since 2013, as a result of foregoing factors, PRC banks have generally tightened mortgage lending, which had affected the demand in the property

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market in general. On September 29, 2014, PBOC and CBRC jointly issued the “Notice of the People’s Bank of China and the China Banking Regulatory Commission on Further Improving Housing Financial Services” (《中國人民銀行、中國銀行業監督管理委員會關於進一步做好住房金融服務工作的通知》), according to which, the reasonable housing loan demand of residential households shall be actively supported; where a household that owns an existing property for which the property purchase loan has been paid off applies for a new loan to purchase another ordinary commodity housing for the purpose of improving living conditions, the relevant banking financial institution shall adopt the lending policies applicable to the first owner-occupied property. See the section headed “PRC Regulatory Overview—Measures on Stabilizing Housing Price.” If the availability or attractiveness of mortgage financing is reduced or limited, many of our prospective customers may not be able to purchase our properties and, as a result, our business, results of operations and financial condition may be materially and adversely affected.

Changes of PRC laws and regulations with respect to pre-sales may adversely affect our business

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales of the relevant properties and pre-sales proceeds may only be used to finance the related development. In August 2005, the PBOC issued a report entitled “2004 Real Estate Financing Report,” in which it recommended discontinuing the practice of pre-selling uncompleted properties because it created significant market risks and transactional irregularities. This PBOC recommendation has not been adopted by any PRC government authorities. However, there can be no assurance that the PRC government will not adopt this recommendation or otherwise ban or impose additional restrictions on pre-sales in the future. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and such alternative funding may not be available to us on attractive terms, or at all, in which case our cash flow and prospects, and our business, results of operations and financial condition could be materially and adversely affected.

Our investments in the PRC are subject to the PRC government’s control over foreign investment in the property sector

The PRC government has imposed restrictions on foreign investment in the property sector to curtail the perceived over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. Restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material and adverse effect on our business, results of operations and financial condition.

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Increasing competition in the PRC, particularly from developers of properties similar to ours in the Western Taiwan Straits Economic Zone and the other cities where we operate or intend to operate, may adversely affect our business and financial condition

In recent years, a large number of property developers have undertaken property development and investment projects in the Western Taiwan Straits Economic Zone and first- and second-tier cities in China, including property developments similar to ours. Our major competitors include large national and regional property developers and overseas developers, some of which may have better track records and greater financial and other resources than us. In addition, we also compete with small local property developers. Intense competition among property developers in first- and second-tier cities in China for land, financing, raw materials and skilled management and labor resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale and a decrease in property prices. Any of the above may adversely affect our business, results of operations and financial condition. In addition, the property markets in first- and second-tier cities in China are rapidly changing in response to various external factors beyond our control. If we fail to respond to these changes in market conditions or customer preferences more swiftly or effectively than our competitors, our business, results of operations and financial condition could be adversely affected.

The property industry in China is still at a relatively early stage of development with a significant degree of uncertainty

Private ownership of property in China is still at a relatively early stage of development. Demand for private residential property has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when and how much demand will develop. Limited availability of accurate financial and market information and the general low level of transparency in China's property industry contribute to overall market uncertainty. Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for residential properties. In addition, the limited amounts and types of mortgage financing available to individuals, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for residential property. The risk of over-supply is also increasing in parts of China where property investment, trading and speculation have become more active. If as a result of any one or more of these or similar factors, demand for residential property or market prices decline significantly, our business, results of operations and financial condition could be materially and adversely affected.

We are subject to claims under statutory quality warranties

All property development companies in the PRC, including us, must provide certain quality warranties for the properties they construct or sell. Generally, we also receive quality warranties from our third-party contractors with respect to our development projects. If a significant number of claims are brought against us under our warranties and if we are unable to obtain reimbursement for such claims from third-party contractors in a timely manner, or at all, or if the money retained by us to

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cover our payment obligations under the quality warranties is not sufficient, we could incur significant expenses to resolve such claims or face delays in correcting the related defects, which could in turn harm our reputation and have a material and adverse effect on our business, results of operations and financial condition.

RISKS RELATING TO DOING BUSINESS IN CHINA

The economic, political and social conditions in China, as well as government policies, could affect our business and prospects

The PRC economy differs from the economies of most of the developed countries in many aspects, including:

- the amount and degree of government involvement;
- growth rate and degree of development;
- uniformity in the implementation and enforcement of laws;
- control over capital investment;
- 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 over three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC economy. In addition, the PRC government continues to play a significant role in regulating industries and the economy through policy measures. We cannot predict whether changes in PRC economic, political or social conditions and in PRC laws, regulations and policies will have any adverse effect on our current or future business, results of operations or financial condition.

In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be amended and improved over time. Other political, economic and social factors may also lead to further adjustments of the reform measures, which may not necessarily have a positive effect on our business development and operations. For example, the PRC government has in the past implemented a number of measures intended to slow down certain segments of the economy that the government believed to be over-heating, including the property industry. These measures have included restricting foreign investment in certain sectors of the property industry, raising benchmark interest rates of commercial banks, reducing currency supply and placing additional limitations on the ability of commercial banks to make loans by raising bank reserves against deposits and raising the thresholds and minimum loan interest rates for residential mortgages. See the section headed “—Risks Relating to the Property Industry in China—The PRC

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government may adopt further measures to regulate the property sector” in this prospectus. These actions, as well as future actions and policies of the PRC government, could cause a decrease in the overall level of economic activity in the property industry, and in turn have a material and adverse impact on our business, results of operations and financial condition.

The global financial markets, including the financial markets in China, have experienced significant slowdown and volatility during the past few years and any continued deterioration may adversely affect our business and results of operations

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 has negatively affected the PRC property market. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. More recently, a slowdown in the economies of the United States, the European Union and certain Asian countries with which the PRC has important trade relationships or any future calamities may materially and adversely affect the economic growth of the PRC. On the other hand, rapid economic growth can lead to growth in money supply and inflation. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility beginning from June 13, 2015. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic slowdown and financial crisis continue or become more severe than currently anticipated, or if the PRC economy continues to slow down, our business, results of operations, financial condition and prospects could be materially and adversely affected.

Changes in government control of currency conversion and in PRC foreign exchange regulations may adversely affect our business operations

The PRC government imposes controls on the convertibility between the Renminbi and foreign currencies and the remittance of foreign exchange out of China. We receive substantially all our revenue in Renminbi. Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. Our PRC subsidiaries must convert their Renminbi earnings into foreign currency before they may pay cash dividends to us or service their foreign currency denominated obligations. Under existing PRC foreign exchange regulations, payments of current-account items may be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements.

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However, approval from appropriate governmental authorities is required when Renminbi is converted into foreign currencies and remitted out of China for capital-account transactions, such as the repatriation of equity investment in China and the repayment of the principal of loans denominated in foreign currencies. Such restrictions on foreign exchange transactions under capital accounts also affect our ability to provide financing to our PRC subsidiaries. Subsequent to this offering, we have the choice, as permitted by the PRC foreign investment regulations, to invest the net proceeds from this offering in the form of registered capital into our PRC subsidiaries to finance our operations in China. Our choice of investment is affected by the relevant PRC regulations with respect to capital-account and current-account foreign exchange transactions in China. In addition, our transfer of funds to our subsidiaries in China is subject to approval by PRC governmental authorities in the case of an increase in registered capital. These limitations on the flow of funds between us and our PRC subsidiaries could restrict our ability to provide financing to these subsidiaries, to undertake certain business opportunities and act in response to changing market conditions.

The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy the funds raised outside of China in our business in the PRC

On June 18, 2008, MOFCOM promulgated the “Notice on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry” (《關於做好外商投資房地產業備案工作的通知》), according to which, MOFCOM authorizes provincial departments in charge of commerce to verify the record-filing materials of property development projects with foreign investment. These regulations effectively prohibit our ability to fund our PRC subsidiaries by way of shareholder loans.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require approvals from the commerce department of the local government and registration with the MOFCOM, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. We cannot assure you that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating subsidiaries in the PRC to comply with this regulation.

Furthermore, we cannot assure you that the PRC government will not introduce new policies that further restrict our ability to deploy, or that prevent us from deploying, funds raised outside of China in China. Therefore, we may not be able to use all or any of the capital that we may raise outside China to finance our projects in a timely manner, or at all.

Failure to comply with SAFE regulations relating to the establishment of special purpose vehicles by our beneficial owners may materially and adversely affect our business operations

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (《國家外匯管理局關於境內居民通過境外特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》), or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of SAFE in connection with their direct

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establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle." SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Our PRC legal advisors, FenXun Partners, have advised us that (a) Mr. Ou Guofei is not a PRC resident as defined under SAFE Circular 37 and (b) our Controlling Shareholder, Mr. Ou, is merely one of the beneficiaries of the Ou Family Trust and has not held an equity interest in any relevant overseas invested companies. We cannot assure you, however, the relevant PRC authorities will not hold a different view from our PRC legal advisors and require Mr. Ou or Mr. Ou Guofei to register under SAFE Circular 37. In that case, material changes in the status of these overseas invested companies may also require registration in accordance with SAFE Circular 37. We cannot assure you that such process will be completed in a timely manner, or at all, or that we will not be subject to fines or other sanctions. Such sanctions may restrict our ability to inject capital into our subsidiaries in the PRC or limit the ability of our subsidiaries in the PRC to distribute profit to us, which as a result may materially and adversely affect our business, results of operations and financial condition.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income, which could result in unfavorable tax consequences to us and our non-PRC Shareholders

Under the EIT Law and the Rules on the Implementation, enterprises established outside of the PRC but whose "de facto management body" is located in the PRC are treated as "tax resident enterprises" and are subject to the uniform 25% corporate income tax rate as to their aggregate worldwide income, unless otherwise provided by PRC laws and regulations. The Rules on the Implementation define the term "de facto management body" as a management body that exercises full and substantial control and management over the business, personnel, accounts and properties of an enterprise. The Notice of the State Administration of Taxation on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of "de facto management body" (《關於境外注冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) currently in force has clarified the conditions under which a foreign company whose majority shareholder is a Chinese enterprise or a group of Chinese enterprises would be considered as a PRC tax resident enterprise that has its "de facto management body" located in the PRC. However, the relevant PRC tax rules have not clarified whether and under what conditions a foreign company whose majority shareholders are PRC individuals may also be considered as a PRC tax resident enterprise having its "de facto management body" located in China, and currently, it is uncertain whether the PRC local tax authority will make such determination. As of the date hereof, the PRC local tax

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authorities have not certified our Company as a PRC tax resident enterprise. However, we cannot assure you that our Company will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations, in which case the tax consequences described above may apply.

All members of our management are currently based in China. If we are treated as a resident enterprise for PRC tax purposes, we will be subject to PRC tax on our worldwide income at the 25% uniform tax rate, which may, unless otherwise provided for in the EIT Law, include any dividend income we receive from our subsidiaries. Although the EIT Law provides that dividend income between qualified resident enterprises is exempted, it is not clear what is considered as a qualified resident enterprise. If we are required to pay PRC income tax with respect to any dividends we receive from our subsidiaries, the actual amount of dividends available to pay to our Shareholders may be materially and adversely affected.

Furthermore, the EIT Law and the Rules on the Implementation provide that withholding tax at a rate of 10% will normally apply to dividends payable to non-PRC investors which are derived from sources within the PRC. Moreover, any gain realized on the transfer of shares by investors is also subject to 10% tax if such gain is regarded as income derived from sources within the PRC. We are a Cayman Islands holding company and substantially all of our income may come from dividends we receive from our PRC subsidiaries. If we declare dividends from such income, it is unclear whether any dividends we pay or whether any gain our non-PRC Shareholders realize from the transfer of our Shares would be treated as PRC-sourced income subject to such PRC withholding tax of 10%. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our non-PRC Shareholders, or if non-PRC Shareholders are required to pay PRC income tax on the transfer of their Shares, the value of their investment may be materially and adversely affected.

We face uncertainty relating to the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) (“SAT Circular No.7”) issued by the PRC State Administration of Taxation

On February 3, 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, which abolished certain provisions in the Circular on Strengthening the Administration of Enterprise Income Tax on Non-PRC Resident Enterprises’ Share Transfers (《關於加強非居民企業股權轉讓所得企業所得稅管理的通知》) (“SAT Circular No. 698”), previously issued by the State Administration of Taxation on December 10, 2009. SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise (“PRC Taxable Assets”). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Our PRC legal advisors, FenXun Partners, have advised us that our Reorganization is not subject to SAT Circular No. 7 as no transfer of PRC Taxable Assets was conducted by us. See the section headed “History,

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Reorganization and Group Structure—PRC Regulatory Requirements—SAT Circular No. 7” in this prospectus. We cannot assure you, however, that the relevant PRC authorities will not have a different interpretation. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Fluctuations in the value of the Renminbi may adversely affect our business and the value of distributions by our PRC subsidiaries

The value of the Renminbi depends, to a large extent, on the PRC domestic and international economic, financial and political developments and governmental policies, as well as the currency’s supply and demand in the local and international markets. Since 1994 till 2005, the conversion of the Renminbi into foreign currencies were based on exchange rates set and published daily by PBOC in light of the previous day’s interbank foreign exchange market rates in China and the then current exchange rates on the global financial markets. The official exchange rate for the conversion of the Renminbi into the U.S. dollar was largely stable until July 2005. On July 21, 2005, PBOC revalued the Renminbi by reference to a basket of foreign currencies, including the U.S. dollar. As a result, the value of the Renminbi appreciated by more than 2% on that day. Since then, the PRC central bank has allowed the official Renminbi exchange rate to float against a basket of foreign currencies. Further, from May 18, 2007, the PBOC enlarged the floating band for the trading prices in the inter-bank foreign exchange market of the Renminbi against the U.S. dollar from 0.3% to 0.5% around the central parity rate, effective on May 19, 2007. This allows the Renminbi to fluctuate against the U.S. dollar by up to 0.5% above or below the central parity rate published by the PBOC. On June 19, 2010, the PBOC announced its intention to proceed with the reform of the Renminbi exchange rate regime to increase the Chinese currency’s exchange rate flexibility. The floating band was further widened to 1.0% on April 16, 2012. These changes in currency policy resulted in the Renminbi appreciating against the U.S. dollar by approximately 32.7% from July 21, 2005 to June 30, 2015. There can be no assurance that such exchange rate will not fluctuate widely against the U.S. dollar or any other foreign currency in the future. Since our income and profits are denominated in Renminbi, any appreciation of the Renminbi will increase the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Conversely, any depreciation of the Renminbi will decrease the value of dividends and other distributions payable by our PRC subsidiaries in foreign currency terms. Fluctuation of the value of the Renminbi will also affect the amount of our foreign debt service in Renminbi terms since we have to convert the Renminbi into foreign currencies to service our indebtedness denominated in foreign currencies.

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

Our business is conducted in China and our principal operating subsidiaries are located in China. Consequently, we are subject to the PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have limited precedential value and can only be used as a reference. Additionally, PRC written laws 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

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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, because 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 of uncertainty and the legal protection available to us and to you may be limited. Depending on the governmental agency or the presentation of an application or case to such agency, we may receive less favorable interpretations 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 cause difficulties in the enforcement of our land use rights, entitlements under our permits, and other statutory and contractual rights and interests.

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 regions in China, including the cities where we operate, are under the threat of flood, earthquake, fire, drought, or epidemics such as Severe Acute Respiratory Syndrome, or SARS, H5N1 or H7N9 avian flu, the human swine flu, also known as Influenza A (H1N1) or Ebola virus disease. A recurrence of SARS or an outbreak of any other epidemics or other natural disasters in China, especially in the cities where we have operations, may result in material disruptions to our property development and our sales and marketing, which in turn may adversely affect our results of operations and financial condition.

RISKS RELATING TO OUR GLOBAL OFFERING

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

Prior to the Global Offering, there has been no public market for our Shares. The initial issue price range for our Shares was the result of negotiations among us and the Sole Global Coordinator on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for 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 and liquid trading market for our Shares will develop, or, if it does develop, will be sustained following the Global Offering, or that the market price of our Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our revenues and results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- limitations or restrictions of financing for the property section;

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- news regarding recruitment or loss of key personnel by us or 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;
- 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.

In addition, shares of other companies on the Stock Exchange in the property industry or with significant operations and assets in China have experienced price volatility in the past. Moreover, the securities markets generally have from time to time experienced significant price and volume fluctuations that are not related to the performance of particular industries or companies. These types of price volatility and fluctuations may also materially and adversely affect the market price of our Shares.

You will experience immediate dilution after the Global Offering and may experience further dilution if we issue additional Shares in the future

The Offer Price of the Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, you and other purchasers of the Shares in the Global Offering will experience an immediate dilution in *pro forma* net tangible asset value of approximately HK\$3.22 per Share (based on an Offer Price of HK\$5.75 per Share, being the mid-point of the stated price range of the Offer Share) and existing holders of our Shares will receive an increase in net tangible asset value per share of their Shares. If we issue additional Shares or equity-linked securities in the future and such Shares are issued at a price lower than the net tangible asset value per Share at the time of their issuance, you and other purchasers of our Shares may experience further dilution in the net tangible asset value per Share.

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

The Offer Price will be determined on the Price Determination Date, which is expected to be Wednesday, January 6, 2016. However, the Offer Shares will not commence trading on the Stock Exchange until the Listing Date, which is expected to be on Wednesday, January 13, 2016. Investors may not be able to sell or otherwise deal in our Shares during this period. Accordingly, holders of our Shares are subject to the risk that the prices of our Shares could fall before trading begins and could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the Price Determination Date and the Listing Date.

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A potential sale of Shares by our existing Shareholders could have a material adverse effect on our Share price

Future sales by our existing Shareholders of a substantial number of our Shares in the public markets after the Listing could materially and adversely affect market prices of our Shares prevailing from time to time. Only a limited number of the Shares currently outstanding will be available for sale immediately after the Listing due to contractual and regulatory restrictions on re-sale. See the section headed “Underwriting—Underwriting Arrangements and Expenses—Undertakings” for a description of some of the contractual and regulatory restrictions on re-sale. Nevertheless, after these restrictions lapse or if they are waived or breached, future sales of a substantial number of our Shares, or a perception of such impending sales, could materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

You may experience 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 certain other jurisdictions

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Companies Law and other laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. See the section headed “Summary of the Constitution of the Company and Cayman Islands Company Law—3. Cayman Islands Company Law” in Appendix IV to this prospectus for further information.

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

A majority of our Directors and senior management members reside in China, and substantially all of our assets and the assets of such persons are believed to be located in China. Therefore, it may be difficult for investors to effect service of process upon those persons inside China or to enforce against us or them in China any judgments obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the Cayman Islands, the United States, the United Kingdom, Japan and many other countries. Therefore, recognition and enforcement in China of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

We cannot guarantee the accuracy of facts, forecasts and other statistics derived from various official government publications with respect to China, the PRC economy and the PRC property industry contained in this prospectus

Facts, forecasts and other statistics in this prospectus relating to China, the PRC economy and the PRC property industry have been derived from various official government publications. We cannot guarantee the quality or reliability of these source materials. They have not been prepared or independently verified by us, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners,

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the Joint Lead Managers, the Co-lead Managers, the Underwriters or any of our or their respective affiliates or advisors and therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the 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. Furthermore, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the PRC property industry contained in this prospectus.

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

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. Our Group's principal business and operations are located, managed and conducted in the PRC through our PRC operating subsidiaries. The entire turnover of our Company is generated from the PRC, and none of our executive Directors is a Hong Kong permanent resident or is ordinarily based in Hong Kong and they will continue to be based in the PRC after Listing. As a result, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily resident in Hong Kong or to relocate its existing PRC based executive Directors to 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 regular and effective communication with the Stock Exchange, we put in place the following measures:

- (i) 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 of our Company are Mr. Ou, the Chairman, executive Director and Chief Executive Officer, and Ms. Ng Wing Shan, one of the joint company secretaries of our Company. Ms. Ng Wing Shan is ordinarily resident in Hong Kong;
- (ii) any meeting between the Stock Exchange and the Directors will be arranged through the authorized representatives or the compliance advisor of our Company or directly with the Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our compliance advisor;
- (iii) each of the authorized representatives of our Company will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and email;
- (iv) each of the authorized representatives of our Company has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and the

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Directors, we have implemented a policy that (a) each Director will provide their respective office phone numbers, mobile phone numbers, facsimile numbers and email addresses to the authorized representatives; and (b) all the Directors and authorized representatives will provide, if available, their office phone numbers, mobile phone numbers, facsimile numbers and email addresses to the Stock Exchange. In the event that a Director expects to travel or is out of office, he/she will provide the phone number of the place of his/her accommodation to our authorized representatives;

- (v) the Directors, who are not ordinarily resident in Hong Kong, have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and are able to meet with the Stock Exchange within a reasonable period of time;
- (vi) we have, in compliance with Rule 3A.19 of the Listing Rules, appointed Guotai Junan Capital Limited as our compliance advisor who will, among other things, in addition to the two authorized representatives of our Company, act as the additional channel of communication with the Stock Exchange for the period commencing from the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. Guotai Junan Capital Limited will have full access at all times to the authorized representatives of our Company and the Directors; and
- (vii) we will also retain legal advisors to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws and regulations of Hong Kong after Listing.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that an issuer must appoint as its company secretary an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

We have appointed Ms. Zeng Feiyan and Ms. Ng Wing Shan as joint company secretaries of our Company. Ms. Zeng Feiyan joined the Group in August 2013 as a member of the senior management and was appointed as an executive Director in July 2015. She has been responsible for company secretarial duties, financial matters and a wide range of administrative affairs such as preparation of Board meetings and related documentation work. By virtue of Ms. Zeng Feiyan's experience and familiarity with the Group, our Company believes Ms. Zeng Feiyan is capable of discharging the duties as a joint company secretary of our Company and is a suitable person to act as a joint company secretary of our Company.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

Since Ms. Zeng Feiyan does not possess the academic and professional qualifications required of a company secretary under Note 1 to Rule 3.28 of the Listing Rules, we have sought and obtained from the Stock Exchange a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Ms. Zeng Feiyan may be appointed as our company secretary. The waiver was granted for a three-year period on the condition that we engage Ms. Ng Wing Shan as a joint company secretary to assist Ms. Zeng Feiyan in the discharge of her duties as a company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. Ng Wing Shan ceases to provide such assistance. At the end of the three-year period, we must liaise with the Stock Exchange which will re-visit the situation in the expectation that we should then be able to demonstrate to the satisfaction of the Stock Exchange that Ms. Zeng Feiyan, having had the benefit of Ms. Ng Wing Shan's assistance for three years, would have acquired relevant experience within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

For further details about the biographies of Ms. Zeng Feiyan and Ms. Ng Wing Shan, please see the section headed "Directors and Senior Management."

CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions for our Company under the Listing Rules following completion of the Global Offering. We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements set out in Chapter 14A of the Listing Rules for certain continuing connected transactions. For details of such continuing connected transactions and the waiver, please see the section headed "Connected Transactions."

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms contain all the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by us, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners and the Underwriters, any of their respective directors, agents, employees or advisors or any other party involved in the Global Offering.

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

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in it is correct as at any subsequent time.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which is part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in the section headed "Structure of the Global Offering" in this prospectus.

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters. The International Offering is managed by the Sole Global Coordinator. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to the

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

agreement on the Offer Price between us and the Sole Global Coordinator (on behalf of the Underwriters). If, for any reason, the Offer Price is not agreed upon amongst us and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. Further details about the Underwriters and the underwriting arrangements are contained in the section headed “Underwriting” in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

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

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

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 exception therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus (including Shares to be issued pursuant to the Capitalization Issue and Shares which may fall to be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme) on the Main Board.

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

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

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by its principal share registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong register of members will be maintained by its Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Global Offering, the Capitalization Issue and any Shares to be issued upon exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme will be registered on our Company's register of members in Hong Kong. Only Shares registered on our Company's register of members maintained in Hong Kong may be traded on the Stock Exchange.

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

Dealings in our Shares registered in the Hong Kong register of members of our Company in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the market value of our Shares being sold or transferred.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the shareholders listed on the Hong Kong register of members of our Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or, if joint Shareholders, to the first-named therein in accordance with the Articles.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

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

Investors should seek the advice of their stock brokers or other professional advisors for details of the settlement arrangements that may affect their rights and interests. All necessary arrangements have been made for our Shares to be admitted into CCASS.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of holding and dealing in our Shares. None of our Group, the Underwriters, the Sole Sponsor, any of their respective directors, supervisors, agents or advisors or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of, dealing in, or exercising any rights in relation to, our Shares.

OVER-ALLOTMENT AND STABILIZATION

In connection with the Global Offering, the Sole Global Coordinator or any person acting for it may over-allot or effect transactions with a view to 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 Sole Global Coordinator or any person acting for it to do this. Such stabilization action, if taken, may be discontinued at any time and is required to be brought to an end after a limited period. An announcement will be made to the public within seven days after the end of the stabilizing period as required under the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong).

In connection with the Global Offering and our Company intends to grant to the Sole Global Coordinator (for itself and on behalf of the Underwriters) the Over-allotment Option, which will be exercisable in full or in part by the Sole Global Coordinator (for itself and on behalf of the Underwriters) no later than 30 days after Wednesday, January 6, 2016, being the last day for the lodging of applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to allot and issue at the Offer Price up to an aggregate of 50,625,000 additional Shares, representing 15% of the total number of Shares initially available under the Global Offering, in connection with over-allocations in the International Offering, if any.

Further details with respect to stabilization and the Over-allotment Option are set out in the sections headed “Structure of the Global Offering—Stabilization” and “Structure of the Global Offering—Over-allotment Options” in this prospectus.

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, January 13, 2016, it is expected dealings in our Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Wednesday, January 13, 2016. Shares will be traded in board lots of 500.

The stock code for our Shares is 3301.

Our Company will not issue any temporary documents of title.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

Dealings in our Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bid and offer quotations will be available on the Stock Exchange's teletext page information system. Delivery and payment for Shares dealt on the Stock Exchange will be effected two trading days following the transaction date ("T+2"). Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Only certificates for Shares registered on the branch share register of our Company will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which our Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisors.

PROCEDURES FOR APPLICATION FOR SHARES

The procedures for applying for the Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Applications Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

EXCHANGE RATE CONVERSION

For the purpose of illustration only and unless otherwise specified in this prospectus, the translation of Renminbi into Hong Kong dollars has been made at the rate of RMB0.82 to HK\$1.00. No representation is made that the RMB amounts could have been, or could be, converted into Hong Kong dollars at such rates or at any other rate on such date or on any other date.

ROUNDING

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

WEBSITE

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

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
Executive Directors		
Ou Zonghong (歐宗洪)	Building 92, Shuixiang Wenquan Residential Quarter No. 169 Minjiang Avenue Cangshan District Fuzhou, Fujian Province the PRC	Chinese
Wu Jian (吳劍)	Unit 205, No. 15 Yiyuan New Village No. 523 Gongye Road, Gulou District Fuzhou, Fujian Province the PRC	Chinese
Lin Junling (林峻嶺)	Unit 1105, Building 22# Rongxin City No. 580 Jinshan Avenue Cangshan District Fuzhou, Fujian Province the PRC	Chinese
Zeng Feiyan (曾飛燕)	Room 804, No. 409 Linjiang Avenue Tianhe District Guangzhou, Guangdong Province the PRC	Chinese
Independent non-executive Directors		
Lo, Wing Yan William (盧永仁)	Flat 81, 18/F, Tower 14 Parkview Heights, Hong Kong Parkview 88 Tai Tam Reservoir Road Hong Kong	Chinese
Ren Yunan (任煜男)	52/F, 37 Celestial Heights 80 Sheung Shing Street, Homantin Kowloon, Hong Kong	Chinese
Qu Wenzhou (屈文洲)	Room 201, No. 113 Yueyang Xili Siming District, Xiamen, Fujian Province the PRC	Chinese

For further information regarding our Directors, see the section headed “Directors and Senior Management.”

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Party	Name and Address
Sole Sponsor	ICBC International Capital Limited 37th Floor, ICBC Tower 3 Garden Road Hong Kong
Sole Global Coordinator	ICBC International Capital Limited 37th Floor, ICBC Tower 3 Garden Road Hong Kong
Joint Bookrunners	ICBC International Capital Limited 37th Floor, ICBC Tower 3 Garden Road Hong Kong GF Securities (Hong Kong) Brokerage Limited 29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong Guotai Junan Securities (Hong Kong) Limited 27/F, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Lead Managers	ICBC International Securities Limited 37th Floor, ICBC Tower 3 Garden Road Hong Kong GF Securities (Hong Kong) Brokerage Limited 29-30/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Guotai Junan Securities (Hong Kong) Limited
27/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

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

Co-lead Managers

First Shanghai Securities Limited
19/F, Wing On House
71 Des Voeux Road Central
Hong Kong

Oriental Patron Securities Limited
27th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

Legal advisors to the Company

As to Hong Kong law:
Paul Hastings
21-22/F, Bank of China Tower
1 Garden Road, Central
Hong Kong

As to PRC law:
FenXun Partners
Suite 1008, 10/F, China World Office 2
No.1 Jianguomenwai Avenue
Beijing
China

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

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

As to Hong Kong law:
Sidley Austin
39th Floor, Two International Finance Centre
8 Finance Street
Central
Hong Kong

As to PRC law:
King & Wood Mallesons
28th Floor, Landmark
4028 Jintian Road, Futian District
Shenzhen, Guangdong Province
the PRC

Auditor and reporting accountant

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

Property valuer

Jones Lang LaSalle Corporate Appraisal and
Advisory Limited
6/F Three Pacific Place
1 Queen's Road East
Admiralty
Hong Kong

Receiving Bank

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

CORPORATE INFORMATION

**Principal Place of Business and
Head Office in the PRC**

17/F, Shimao International Centre
No. 108 Guangda Road
Taijiang District, Fuzhou
Fujian Province
the PRC

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Company's Website

www.rongxingroup.com
(the contents on this website do not form part of this
prospectus)

**Place of Business in Hong Kong
Registered under Part 16 of
the Companies Ordinance**

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Joint Company Secretaries

Ms. Zeng Feiyan (曾飛燕)
Room 804, No. 409 Linjiang Avenue
Tianhe District, Guangzhou
Guangdong Province
the PRC

Ms. Ng Wing Shan (吳詠珊)
18/F, Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
(a Fellow of The Hong Kong Institute of Chartered
Secretaries and a Fellow of The Institute of Chartered
Secretaries and Administrators in the
United Kingdom)

Authorized Representatives

Mr. Ou Zonghong (歐宗洪)
Building 92, Shuixiang Wenquan Residential Quarter,
No. 169 Minjiang Avenue
Cangshan District, Fuzhou
Fujian Province
the PRC

Ms. Ng Wing Shan (吳詠珊)
18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

CORPORATE INFORMATION

Audit Committee	Mr. Qu Wenzhou (屈文洲) (<i>chairman</i>) Mr. Lo, Wing Yan William (盧永仁) Mr. Ren Yunan (任煜男)
Remuneration Committee	Mr. Ren Yunan (任煜男) (<i>chairman</i>) Mr. Ou Zonghong (歐宗洪) Mr. Qu Wenzhou (屈文洲)
Nomination Committee	Mr. Ou Zonghong (歐宗洪) (<i>chairman</i>) Mr. Lo, Wing Yan William (盧永仁) Mr. Qu Wenzhou (屈文洲)
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Cayman Islands Principal Share Registrar and Transfer Office	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Compliance Advisor	Guotai Junan Capital Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong (a licensed corporation to conduct type 6 (advising on corporate finance) regulated activity under the SFO)
Principal Banks	Bank of China Limited (Pingtan Sub-branch) Haibin Road Central, Pingtan County, Fujian Province the PRC Agricultural Bank of China Limited (Hudong Sub-branch) No. 298 Hudong Road, Gulou District, Fuzhou, Fujian Province the PRC Industrial and Commercial Bank of China Limited (Cangshan Sub-branch) 1-3/F, Podium Building of Building 13 Taipingyangcheng, Guanhai Road, Cangshan District Fuzhou, Fujian Province the PRC

INDUSTRY OVERVIEW

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

OVERVIEW OF THE PRC ECONOMY

China has experienced significant economic growth since the adoption of the reform and opening-up policy by the PRC government in 1978. China's nominal GDP grew at a CAGR of 13.0% from 2009 to 2014, reaching approximately RMB63,613.9 billion in 2014 and making China one of the fastest-growing economies in the world.

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

	2009	2010	2011	2012	2013	2014	CAGR
Nominal GDP (RMB in billions)	34,562.9	40,890.3	48,412.4	53,412.3	58,801.9	63,613.9	13.0%
Population (in millions).....	1,334.5	1,340.9	1,347.4	1,354.0	1,360.7	1,367.8	0.5%
Fixed asset investment (RMB in billions)	22,459.9	25,168.4	31,148.5	37,469.5	44,629.4	51,276.1	18.0%
Per capita GDP (RMB).....	25,963.0	30,567.0	36,018.0	39,544.0	43,320.0	46,629.0	12.4%
Real GDP growth rate (%) .	9.2	10.6	9.5	7.7	7.7	7.3	N/A

Source: National Bureau of Statistics of China ("NBSC")

OVERVIEW OF THE REAL ESTATE MARKET OF THE PRC

Key Growth Drivers of the Real Estate Market in the PRC

In addition to the overall growth of the PRC economy, the key factors driving the growth of the real estate market in the PRC include rapid urbanization and increases in disposable income.

INDUSTRY OVERVIEW

The table below sets out selected economic statistics of the PRC for the years indicated.

	2009	2010	2011	2012	2013	2014	CAGR
Urban population (in millions).....	645.1	669.8	690.8	711.8	731.1	749.2	3.0%
Urbanization rate (%).....	48.3	49.9	51.3	52.6	53.7	54.8	N/A
Per capita disposable income of urban households (RMB).....	17,174.7	19,109.4	21,809.8	24,564.7	26,467.0	28,843.9	10.9%

Source: NBSC

Furthermore, demand for real estate is driven by the emergence and growth of the mortgage lending market in China. Due to this favorable market environment, investment in real estate development in China rose from approximately RMB3,624.2 billion in 2009 to approximately RMB9,503.6 billion in 2014, representing a CAGR of approximately 21.3%.

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

	2009	2010	2011	2012	2013	2014	CAGR
Real estate development investment (RMB in billions).	3,624.2	4,825.9	6,179.7	7,180.4	8,601.3	9,503.6	21.3%
Total GFA of commodity properties ⁽¹⁾ sold (million sq.m.)	947.6	1,047.6	1,093.7	1,113.0	1,305.5	1,206.5	4.9%
Total GFA of residential properties sold (million sq.m.)	861.8	933.8	965.3	984.7	1,157.2	1,051.8	4.1%
Average selling price of commodity properties ⁽²⁾ (RMB per sq.m.).....	4,681.0	5,032.0	5,357.1	5,791.0	6,237.0	6,323.4 ⁽²⁾	6.2%
Average selling price of residential properties (RMB per sq.m.).....	4,459.0	4,725.0	4,993.2	5,429.9	5,850.0	5,932.3 ⁽³⁾	5.9%
Total sales revenue of commodity properties ⁽¹⁾ (RMB in billions)	4,435.5	5,272.1	5,858.9	6,445.6	8,142.8	7,629.2	11.5%
Total sales revenue of residential properties (RMB in billions)	3,843.3	4,412.1	4,819.8	5,346.7	6,769.5	6,239.6	10.2%

Source: NBSC

(1) Including residential properties, office buildings, properties for business use and others

(2) Calculated by “total sales revenue of commodity properties” divided by “total GFA of commodity properties sold”

(3) Calculated by “total sales revenue of residential properties” divided by “total GFA of residential properties sold”

INDUSTRY OVERVIEW

The average selling price of commodity properties sold in China increased from approximately RMB4,681 per sq.m. in 2009 to approximately RMB6,237 per sq.m. in 2013, while the average selling price of residential properties increased from approximately RMB4,459 per sq.m. in 2009 to approximately RMB5,850 per sq.m. in 2013.

Recent Developments of Real Estate Policies in the PRC

The real estate market in the PRC is subject to extensive government regulation. The PRC government exerts considerable direct and indirect influence on the development of the PRC property sector by promulgating laws and regulations and imposing industry policies and other economic measures. Over the past few years, in order to avoid over-heating of the real estate market, the PRC government has promulgated various restrictive measures to stabilize housing prices. Recently, some of these measures have been relaxed. For details of recent developments of real estate policies in the PRC, see the section headed “—Real Estate Markets of Selected Cities in the PRC” below and the section headed “PRC Regulatory Overview—Measures on Stabilizing Housing Price” in this prospectus.

Market Share and Ranking of Our Group

We believe we have a leading market position in Fujian province and Fuzhou, the capital city of Fujian province. We were ranked first in Fujian province on the “Top 20 Real Estate Developers in Fujian province in 2015” list and 33rd nationwide on the “Top 50 Real Estate Developers in China in 2015” list, jointly compiled by China Real Estate Research Association, China Real Estate Industry Association and China Real Estate Evaluation Center based on a comprehensive set of criteria, including size, risk management, profitability, growth potential, operating results, innovation and social responsibility. According to CRIC, based on pre-sale data reported by developers to the Fuzhou Real Estate Transaction Center as required by local regulations, we ranked first in the urban districts (namely, Gulou, Taijiang, Cangshan, Mawei and Jin’an) of Fuzhou in terms of pre-sales for the year ended December 31, 2014.

DEVELOPMENT OF THE WESTERN TAIWAN STRAITS ECONOMIC ZONE

The establishment of the Western Taiwan Straits Economic Zone was formally proposed in 2004 and approved in 2005 by the Fujian provincial government to promote cooperation and trade liberalization of the region. In 2006, the statement “supporting the economic development of Western Taiwan Straits Zone (支持海峽西岸經濟發展)” was officially included in the central government’s “Eleventh Five-Year Plan of PRC.” On May 6, 2009, the State Council promulgated the “Several Opinions in relation to Supporting Fujian Province to Accelerate the Development of the Western Taiwan Straits Economic Zone (Guo Fa [2009] No. 24) (《關於支持福建省加快建設海峽西岸經濟區的若干意見》(國發[2009] 24號))”, pursuant to which the PRC government intends to accelerate the development of the Western Taiwan Straits Economic Zone in order to boost the nation’s coastal economy as a whole, channel overseas capital to western and central China and forge stronger economic cooperation with Taiwan.

The Western Taiwan Straits Economic Zone includes Fuzhou, Xiamen, Zhangzhou, Quanzhou, Putian, Sanming, Nanping, Longyan and Ningde in Fujian province; Wenzhou, Lishui and Quzhou in Zhejiang province; Shantou, Meizhou, Chaozhou and Jieyang in Guangdong province; and Shangrao, Yingtan, Fuzhou and Ganzhou in Jiangxi province.

INDUSTRY OVERVIEW

With a land area of approximately 270,000 square kilometers, the Western Taiwan Straits Economic Zone is famous for being the hometown of millions of overseas Chinese and enjoys favorable natural and social resources. With its prime location in proximity to Taiwan, Hong Kong and Macau, private economy in the Western Taiwan Straits Economic Zone has flourished.

We believe that Fujian province is the key constituent of the Western Taiwan Straits Economic Zone. Leveraging its location alongside the Taiwan Straits, we believe that Fujian province is well positioned to act as the gateway of the Western Taiwan Straits Economic Zone linking the Pearl River Delta and the Yangtze River Delta, which are the most developed areas in China, as well as the vast hinterland of Central China.

For 2014, per capita GDP of Fujian province reached RMB63,472, while per capita disposable income of urban households reached RMB30,722, representing a growth of 9.1% and 9.0% over 2013, respectively, both of which were above the corresponding national growth rates. We believe that the strong economic performance will lead to continuous demand in the property market in the region.

REAL ESTATE MARKETS OF SELECTED CITIES IN THE PRC

Fuzhou

Fuzhou is the capital city of Fujian province, situated in southeast China and facing the Taiwan Straits. It is the political, economic and cultural center of Western Taiwan Straits Economic Zone. It occupies a total land area of approximately 11,968 million sq.m. and has five urban districts including Gulou district, Taijiang district, Cangshan district, Mawei district and Jin'an district. Fuzhou is a major economic hub in Fujian province with a long entrepreneurial tradition.

According to the Fuzhou Municipal Bureau of Statistics, Fuzhou had a population of approximately 7.4 million as of the end of 2014. In 2014, its nominal GDP reached approximately RMB516.9 billion, representing a per capita nominal GDP of RMB64,045. The table below sets forth selected economic indicators of Fuzhou for the years indicated:

	2009	2010	2011	2012	2013	2014	CAGR
Total population (in millions)....	6.9	7.1	7.2	7.3	7.3	7.4	1.5%
Urbanization rate (%).....	58.5	62.0	63.3	64.8	65.9	66.9	N/A
Nominal GDP (RMB in billions)	260.4	312.3	373.6	421.1	467.8	516.9	14.7%
Per capita GDP (RMB).....	37,041	44,000	52,152	58,202	64,045	69,995	13.6%
Real GDP growth rate (%)	13.0	14.2	13.0	12.1	11.5	10.1	N/A
Fixed-asset investment (RMB in billions)	164.7	231.7	272.0	326.6	387.0	438.9	21.7%
Per capita disposable income of urban households (RMB).....	20,289	22,723	26,050	29,399	32,265	32,451	9.8%

Source: Fuzhou Municipal Bureau of Statistics

INDUSTRY OVERVIEW

Real estate investment increased from RMB36.2 billion in 2009 to RMB145.5 billion in 2014, representing a CAGR of 32.1%. The total GFA of commodity properties sold in Fuzhou was approximately 9.7 million sq.m. in 2014, representing a decrease of approximately 2.9 million sq.m. over 2013.

The table below illustrates key figures relating to the real estate market in Fuzhou for the years indicated:

	2009	2010	2011	2012	2013	2014	The nine months ended September 30, 2015	CAGR*
Real estate investment (RMB in billions)	36.2	67.1	96.3	97.2	126.5	145.5	105.9	32.1%
Total GFA of commodity properties sold (million sq.m.)	6.9	6.0	6.2	8.4	12.6	9.7	6.1	7.0%
Total GFA of residential properties sold (million sq.m.)	6.5	5.3	5.3	7.3	11.1	8.2	5.1	4.8%
Average selling price of commodity properties (RMB per sq.m.)	6,625.0	8,414.0	10,178.2	11,188.3	11,236.0	10,719.0	11,852.0	10.1%
Average selling price of residential properties (RMB per sq.m.)	6,441.0	7,877.0	9,553.2	10,644.5	10,155.0	10,110.2	11,367.0	9.4%
Total sales revenue of commodity properties (RMB in billions)	45.8	50.3	63.2	94.1	141.2	103.5	71.9	17.7%
Total sales revenue of residential properties (RMB in billions)	41.8	41.8	50.8	78.1	112.3	82.5	57.9	14.6%

Source: NBSC, Fuzhou Municipal Bureau of Statistics, China Real Estate Index System

* from 2009 to 2014

INDUSTRY OVERVIEW

Local real estate policies

On October 10, 2010, the Fuzhou municipal government issued a temporary restrictive policy providing that, from the date of issue through December 31, 2010, each Fuzhou resident household is allowed to purchase only one new residential property in the five urban districts of Fuzhou; each non-Fuzhou resident household who is able to provide a local tax payment certificate or social security payment certificate for more than one year is allowed to purchase only one residential property in the five urban districts of Fuzhou city; the Fuzhou resident households who already own two or more residential properties or non-Fuzhou resident households who own one or more residential properties or non-Fuzhou resident households who are not able to provide a local tax payment certificate or social security payment certificate for more than one year are not allowed to purchase residential properties in the five urban districts of Fuzhou. The notice also prescribes that all commercial banks shall suspend granting loans for resident households to purchase a third or further home; the minimum down-payment in respect of loans on purchase of residential properties is 30% of the purchase price; the minimum down payment in respect of loans on purchase of the second residential properties is 50% of the purchase price and the loan interest rate must be at least 1.1 times of the relevant benchmark lending rate.

On November 25, 2013, the Fuzhou municipal government issued a further restrictive policy to raise the housing purchase standards of non-Fuzhou families. Specifically, no residential properties are allowed to be sold to non-Fuzhou resident households who are not able to provide a local certificate of accumulated over two years' tax payment or social security payment within a three-year period up to the date of purchase.

On September 22, 2014, the Fuzhou municipal government issued a new policy relaxing certain restrictive policies previously introduced: (i) cancelling municipal purchase restriction measures; (ii) abolishing the requirement to provide certificates of tax payment or social security payment over a certain period during the procedures with respect to signing contracts (signing online), applying for loans, registering property rights and so on when purchasing residential properties; (iii) regarding as the first loan when the housing buyer re-applies for a loan after paying off the previous outstanding loan; and (iv) financial institutions implementing the low standards of relevant provisions with respect to down payment proportion and interest rates of loans.

INDUSTRY OVERVIEW

Xiamen

Xiamen is a major city in Fujian province. Xiamen was one of the first four special economic zones in China enjoying favorable economic policies. It occupies a total land area of approximately 1,573 million sq.m.

According to the Xiamen Municipal Bureau of Statistics, Xiamen had a population of approximately 3.8 million as of the end of 2014. In 2014, its nominal GDP reached approximately RMB327.4 billion, representing a per capita nominal GDP of RMB86,531. The table below sets forth selected economic indicators relating to Xiamen for the years indicated:

	2009	2010	2011	2012	2013	2014	CAGR
Total population (in millions)....	3.3	3.6	3.6	3.7	3.7	3.8	2.9%
Nominal GDP (RMB in billions)	173.7	206.0	253.9	281.5	301.8	327.4	13.5%
Per capita GDP (RMB).....	52,964	60,060	70,832	77,340	81,572	86,831	10.4%
Real GDP growth rate (%)	8.0	15.1	15.1	12.1	9.4	9.2	N/A
Fixed-asset investment (RMB in billions)	88.2	101.0	112.8	133.3	134.8	156.2	12.1%
Per capita disposable income of urban households (RMB).....	26,130.6	29,253.1	33,565.3	37,576.1	41,360.4	39,625.0	8.7%

Source: Xiamen Municipal Bureau of Statistics

Real estate investment increased from RMB29.5 billion in 2009 to RMB70.4 billion in 2014, representing a CAGR of 19.0%. The total GFA of commodity properties sold in Xiamen was approximately 7.9 million sq.m. in 2014.

INDUSTRY OVERVIEW

The table below illustrates key figures relating to the real estate market in Xiamen for the years indicated:

	2009	2010	2011	2012	2013	2014	The nine months ended September 30, 2015	CAGR*
Real estate investment (RMB in billions)	29.5	39.6	43.8	51.9	53.2	70.4	61.2	19.0%
Total GFA of commodity properties sold (million sq.m.)	5.3	4.3	4.5	6.2	7.9	7.9	4.3	8.3%
Total GFA of residential properties sold (million sq.m.)	4.0	2.4	2.7	4.8	5.8	5.1	2.4	5.0%
Average selling price of commodity properties (RMB per sq.m.)	7,951.0	8,883.0	10,555.7	12,280.5	13,625.0	15,378.0	15,283.0	14.1%
Average selling price of residential properties (RMB per sq.m.)	8,935.0	11,590.0	13,422.6	12,953.4	14,551.0	17,778.0	18,411.0	14.8%
Total sales revenue of commodity properties (RMB in billions)	42.1	37.9	47.0	75.6	107.2	121.5	65.6	23.6%
Total sales revenue of residential properties (RMB in billions)	35.9	27.7	36.5	62.2	84.6	90.7	45.0	20.4%

Source: NBSC, Xiamen Municipal Bureau of Statistics, China Real Estate Index System

* from 2009 to 2014

Local real estate policies

On February 20, 2011, the Xiamen municipal government issued a temporary restrictive policy providing that, from the date of issue through December 31, 2011, only one residential property is allowed to be sold to Xiamen resident households who already own one residential property and non-Xiamen resident households who are able to provide a local tax payment certificate or social security payment certificate for more than one year within a two-year period up to the date of purchasing, and no residential properties are allowed to be sold to Xiamen resident households who already own two or more residential properties or non-Xiamen resident households who own one or more residential properties or non-Xiamen resident households who are not able to provide a local tax payment certificate or social security payment certificate for more than one year within a two-year period. Besides, the minimum down payment with regard to loans on purchase of the second residential properties is 60% of the purchase price and the loan interest rate must be at least 1.1 times of the relevant benchmark lending rate.

INDUSTRY OVERVIEW

On April 2, 2013, the Xiamen municipal government issued a further restrictive policy re-confirming the restrictive policy issued on February 20, 2011. In addition, non-Xiamen resident households are not able to purchase residential properties by submitting certificates of a supplementary payment of tax or social security.

On August 20, 2014, the Land Resources and Real Estate Management Bureau and five other municipal departments of Xiamen jointly issued the “Implementation Opinions on Promoting the Stable and Healthy Growth of the Real Estate Market” (《關於促進房地產市場平穩健康發展的實施意見》), proposing certain adjustments to housing purchase restriction measures previously issued. Accordingly, Jimei district, Haicang district, Tongan district and Xiang'an district are no longer implementing housing purchase restriction measures; Siming district and Huli district are no longer implementing housing purchase restriction measures with regard to non-ordinary commodity housing. On January 15, 2015, the Xiamen municipal government issued a further policy providing that Siming district and Huli district are no longer implementing purchase restriction measures.

Zhangzhou

Traditionally an agricultural center, Zhangzhou is a major city in Fujian province situated between two special economic zones known for vibrant economic activities: Xiamen and Shantou in Guangdong province. It occupies a total land area of approximately 12,607 million sq.m.

According to the Zhangzhou Municipal Bureau of Statistics, Zhangzhou had a population of approximately 5.0 million as of the end of 2014. In 2014, its nominal GDP reached approximately RMB250.6 billion, representing a per capita GDP of RMB50,685. The table below sets forth selected economic indicators relating to Zhangzhou for the years indicated:

	2009	2010	2011	2012	2013	2014	CAGR
Total population (in millions)....	4.8	4.8	4.8	4.9	4.9	5.0	0.8%
Urbanization rate (%).....	43.3	46.7	47.9	52.0	53.0	53.8	N/A
Nominal GDP (RMB in billions)	117.8	143.1	176.8	201.3	224.6	250.6	16.3%
Per capita GDP (RMB).....	24,619	29,771	36,793	41,333	45,702	50,685	15.5%
Real GDP growth rate (%)	13.3	14.9	14.7	12.6	11.5	11.3	N/A
Fixed-asset investment (RMB in billions)	57.9	83.7	111.6	148.7	176.1	213.5	29.8%
Per capita disposable income of urban households (RMB).....	16,616	18,482	21,137	23,951	26,471	25,741	9.1%

Source: Zhangzhou Municipal Bureau of Statistics

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Real estate investment increased from RMB9.9 billion in 2009 to RMB47.2 billion in 2014, representing a CAGR of 36.6%. The total GFA of commodity properties sold in Zhangzhou was approximately 4.7 million sq.m. in 2014, representing a decrease of approximately 0.2 million sq.m. over 2013.

The table below illustrates key figures relating to the real estate market in Zhangzhou for the years indicated:

	2009	2010	2011	2012	2013	2014	The nine months ended September 30, 2015	CAGR*
Real estate investment (RMB in billions)	9.9	16.0	22.3	25.4	35.6	47.2	39.9	36.6%
Total GFA of commodity properties sold (million sq.m.)	2.8	2.9	3.4	3.5	4.9	4.7	3.8	11.2%
Total GFA of residential properties sold (million sq.m.)	— ⁽¹⁾	2.6	3.0	2.9	4.3	4.2	3.4	N/A
Average selling price of commodity properties (RMB per sq.m.)	3,539.5 ⁽²⁾	4,268.0	5,453.0	5,606.0	6,145.0	5,805.0	5,985.0	10.4%
Average selling price of residential properties (RMB per sq.m.)	— ⁽¹⁾	4,068.0	4,919.0	5,281.0	5,909.0	5,580.0	5,851.0	N/A
Total sales revenue of commodity properties (RMB in billions)	9.8	12.2	18.5	19.7	30.1	27.6	22.6	23.0%
Total sales revenue of residential properties (RMB in billions)	8.9	10.5	14.7	15.5	25.3	23.3	20.0	21.2

Source: Zhangzhou Municipal Bureau of Statistics, China Real Estate Index System

(1) Data not available

(2) Calculated by “total sales revenue of commodity properties” divided by “total GFA of commodity properties sold”

* from 2009 to 2014

Local real estate policies

On March 23, 2011, the Zhangzhou municipal government issued a restrictive policy providing that from January 28, 2011 real estate transactions of residential properties purchased and possessed by individuals less than five years should be levied taxes according to the full sales income of the transactions. In addition, the minimum down payment with regard to loans on purchase of a second residential property is 60% of the purchase price and the loan interest rate must be at least 1.1 times of the relevant benchmark lending rate.

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Shanghai

Shanghai is one of the four municipalities directly administered by the PRC central government and also the economic and financial center of China. It is home to the headquarters of numerous prestigious domestic enterprises and multinational firms and has the first pilot free trade zone in China. Shanghai occupies a total land area of approximately 6,341 million sq.m.

According to the Shanghai Municipal Bureau of Statistics, Shanghai had a population of approximately 24.3 million as of the end of 2014. In 2014, its nominal GDP reached approximately RMB2,356.1 billion, representing a per capita nominal GDP of RMB97,300. The table below sets forth selected economic indicators relating to Shanghai for the years indicated:

	2009	2010	2011	2012	2013	2014	CAGR
Total population (in millions)....	22.1	23.0	23.5	23.8	24.2	24.3	1.9%
Urbanization rate (%).....	88.6	89.3	89.3	89.3	89.6	— ⁽¹⁾	N/A
Nominal GDP (RMB in billions)	1,504.6	1,716.6	1,919.6	2,018.2	2,181.8	2,356.1	9.4%
Per capita GDP (RMB).....	69,165	76,074	82,560	85,373	90,092	97,300	7.1%
Real GDP growth rate (%)	8.2	10.3	8.2	7.5	7.7	7.0	N/A
Fixed-asset investment (RMB in billions)	527.3	531.8	506.7	525.4	564.8	601.6	2.7%
Per capita disposable income of urban households (RMB).....	28,838	31,838	36,230	40,188	43,851	47,710	10.6%

Source: Shanghai Municipal Bureau of Statistics

(1) Data not available

Real estate investment increased from RMB146.4 billion in 2009 to RMB320.6 billion in 2014, representing a CAGR of 17.0%. The total GFA of commodity properties sold in Shanghai was approximately 20.8 million sq.m. in 2014, representing a decrease of approximately 3.0 million sq.m. over 2013.

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The table below illustrates key figures relating to the real estate market in Shanghai for the years indicated.

	2009	2010	2011	2012	2013	2014	The nine months ended September 30, 2015	CAGR*
Real estate investment (RMB in billions)	146.4	198.1	217.0	238.1	282.0	320.6	237.5	17.0%
Total GFA of commodity properties sold (million sq.m.)	33.7	20.6	17.9	19.0	23.8	20.8	16.8	(9.2%)
Total GFA of residential properties sold (million sq.m.)	29.3	16.9	15.0	15.9	20.2	17.8	14.0	(9.5%)
Average selling price of commodity properties (RMB per sq.m.)	12,840.0	14,464.0	14,603.2	14,061.4	16,420.0	16,787.0	20,639.0	5.5%
Average selling price of residential properties (RMB per sq.m.)	12,364.0	14,290.0	13,565.8	13,869.9	16,192.0	16,415.0	21,143.0	5.8%
Total sales revenue of commodity properties (RMB in billions)	433.0	296.0	256.9	266.9	391.2	350.0	347.5	(4.2%)
Total sales revenue of residential properties (RMB in billions)	362.0	239.5	198.2	220.9	326.4	292.3	296.4	(4.2%)

Source: NBSC and Shanghai Municipal Bureau of Statistics, China Real Estate Index System

* from 2009 to 2014

Local real estate policies

On October 7, 2010, the Shanghai municipal government issued a restrictive policy providing that local resident households and those from other provinces and municipalities may only purchase one new residential property (including second-hand housing in stock) in Shanghai. All commercial banks shall disburse loans to households to buy a residential property, provided that the down payment is no less than 30% of the total purchase price. With regards to loans to buy a second home, the down payment shall not be less than 50% of the total purchase price, and the loan interest rate shall not be less than 1.1 times of the benchmark interest rate. No housing loans shall be disbursed to households for buying a third or more residential property.

On January 31, 2011, the Shanghai municipal government issued a restrictive policy providing that only one residential property (either new or second-hand) is allowed to be sold to Shanghai resident households who already own one residential property or non-Shanghai resident households who are able to provide a local tax payment certificate or social security payment (urban social

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security) certificate for more than one year within a two-year period up to the date of purchasing, and no properties are allowed to be sold to Shanghai resident households who already own more than one residential property or non-Shanghai resident households who already own residential properties or non-Shanghai resident households who are not able to provide a local tax payment certificate or social security payment (urban social security) certificate for more than one year within a two-year period.

On March 30, 2013, the Shanghai municipal government issued a further policy providing that national and local purchase restrictions imposed on housing together with their relevant implemented rules, and differentiated credit extension policies based on housing types shall be strictly enforced.

On November 8, 2013, the Shanghai Housing Support and Management Bureau issued the “Notice on the Strict Implementation of Restriction Measures Related to the Purchase of Housing Issues” (《關於嚴格執行住房限購措施有關問題的通知》), which increased the tax and social security payment period of non-Shanghai resident households which are able to purchase residential properties in Shanghai city from “accumulated over one year’s tax payment or social security payment within a two-year period up to the date of purchasing” to “accumulated over two years’ tax payment or social security payment within a three-year period up to the date of purchasing.”

Hangzhou

Hangzhou is the capital city of Zhejiang province situated in southeast China. It occupies a total land area of approximately 16,596 million sq.m.

According to the Hangzhou Municipal Bureau of Statistics, Hangzhou had a population of approximately 8.9 million as of the end of 2014. In 2014, its nominal GDP reached approximately RMB920.1 billion, representing a per capita nominal GDP of RMB103,757. The table below sets forth selected economic indicators relating to Hangzhou for the years indicated:

	2009	2010	2011	2012	2013	2014	CAGR
Total population (million).....	8.3	8.7	8.7	8.8	8.8	8.9	1.3%
Urbanization rate (%).....	— ⁽¹⁾	73.3	73.9	74.3	74.9	75.1	N/A
Nominal GDP							
(RMB in billions)	508.8	594.9	701.9	780.2	834.4	920.1	12.6%
Per capita GDP (RMB).....	61,533	69,828	80,478	88,962	94,566	103,757	11.0%
Real GDP growth rate (%)	10.0	12.0	10.1	9.0	8.0	8.2	N/A
Fixed-asset investment							
(RMB in billions)	219.5	265.2	310.0	372.3	426.4	495.3	17.7%
Per capita disposable income of							
urban households (RMB).....	26,864	30,035	34,065	37,511	39,310	44,632	10.7%

Source: Hangzhou Municipal Bureau of Statistics

(1) Data not available

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Real estate investment increased from RMB70.5 billion in 2009 to RMB230.1 billion in 2014, representing a CAGR of 26.7%. The total GFA of commodity properties sold in Hangzhou was approximately 11.2 million sq.m. in 2014, representing a decrease of approximately 0.2 million sq.m. over 2013.

The table below illustrates key figures relating to the real estate market in Hangzhou for the years indicated:

	2009	2010	2011	2012	2013	2014	The nine months ended September 30, 2015	CAGR*
Real estate investment (RMB in billions)	70.5	95.6	130.3	159.7	185.3	230.1	185.4	26.7%
Total GFA of commodity properties sold (million sq.m.)	14.6	9.9	7.4	10.9	11.4	11.2	10.3	(5.1%)
Total GFA of residential properties sold (million sq.m.)	13.1	8.0	6.0	9.2	9.7	9.5	9.1	(6.2%)
Average selling price of commodity properties (RMB per sq.m.)	10,555.0	14,132.0	13,286.0	13,447.4	15,022.0	13,896.0	14,504.0	5.7%
Average selling price of residential properties (RMB per sq.m.)	10,613.0	14,259.0	12,748.6	13,291.7	14,679.0	14,035.0	14,765.0	5.7%
Total sales revenue of commodity properties (RMB in billions)	153.7	139.7	97.5	146.5	171.1	156.0	149.4	0.3%
Total sales revenue of residential properties (RMB in billions)	139.5	113.7	76.2	122.3	142.2	133.7	133.8	(0.8%)

Source: NBSC and Hangzhou Municipal Bureau of Statistics, China Real Estate Index System

* from 2009 to 2014

Local real estate policies

On February 28, 2011, the Hangzhou municipal government issued a restrictive policy providing that only one residential property (including new housing and second-hand housing) is allowed to be sold to Hangzhou resident households who already own one residential property or non-Hangzhou resident households who are able to provide a local certificate of accumulated over one year's tax payment or social security payment (urban social security) within a two-year period up to the date of purchasing, and no properties are allowed to be sold to Hangzhou resident households who already own two or more residential properties or non-Hangzhou resident households who own one or more residential properties or non-Hangzhou resident households who are not able to provide a local

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certificate of accumulated over one year's tax payment or social security payment (urban social security) within a two-year period. Moreover, the minimum down payment in respect of loans for the purchase of a second residential properties is 60% of the purchase price and the loan interest rate must be at least 1.1 times the relevant benchmark lending rate.

On March 31, 2013, the Hangzhou municipal government issued a further notice which includes that purchase restrictions imposed on housing and differentiated credit extension policies based on housing types shall be strictly enforced.

On July 29, 2014, the Hangzhou municipal government abolished the housing purchase restrictions in Yuhang district and Xiaoshan district as well as the purchase restrictions on residential properties (including new and second-hand residential properties) in urban districts with a total GFA of less than 140 sq.m. On August 29, 2014, the Hangzhou municipal government issued a further policy providing that from the same date, the Hangzhou Housing Support and Management Bureau will no longer provide housing situation enquiry records for purchase of residential properties with a total GFA less than 140 sq.m.

COMPETITION IN THE REAL ESTATE MARKET OF THE PRC

The PRC real estate industry is highly fragmented and competitive. In 2013, the aggregate market share in terms of sales value of the top 100 property enterprises in the PRC was less than 30%. However, concentration of the PRC property market has increased as the aggregate market share of the top 100 enterprises has gradually increased over the past six years. As a real estate developer in China, we primarily compete with other top Chinese real estate developers focusing on the development of residential properties in the PRC. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors.

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

	2009	2010	2011	2012	2013	2014
Market share⁽¹⁾						
Top 10 enterprises	8.57%	11.31%	10.52%	12.37%	13.25%	16.69%
Top 20 enterprises	12.57%	16.08%	14.37%	17.12%	18.10%	22.10%
Top 50 enterprises	19.32%	22.33%	19.65%	29.34%	24.12%	28.83%
Top 100 enterprises	25.00%	26.92%	24.92%	35.17%	29.48%	31.96%

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

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

INDUSTRY OVERVIEW

In recent years, an increasing number of property developers from the PRC and overseas have entered the property development markets in the cities where we have operations, resulting in increased competition for land available for development. Moreover, the PRC government has implemented a series of policies to control the growth and curtail the overheating of, and foreign investment in, the PRC property sector. We believe major entry barriers into the PRC property development industry include a potential entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. We believe that the PRC real estate industry still has large growth potential. We believe that, with our solid experience in real estate development since 2003, our strategic focus on mid- to high-end residential properties targeting middle to upper-middle income households in the Western Taiwan Straits Economic Zone and other first- and second-tier cities in China, our reputable brand name and our effective management team, we are able to respond promptly and effectively to challenges in the PRC property market. We may confront more competitors when entering new markets.

PRICES OF KEY CONSTRUCTION MATERIALS

According to public information available from Bloomberg, the annual average market price of steel rebar, a major raw material in building construction, decreased from RMB3,931 per ton in 2012 to RMB3,573 per ton in 2013. In 2014, the average market price of steel rebar amounted to RMB3,155 per ton. Average price of coking coal, a major component in the production of cement, decreased from RMB1,751 per ton in 2012 to RMB1,466 per ton in 2013. In 2014, average market price of coking coal was RMB1,085 per ton.

SOURCES OF INFORMATION

We believe that it is general market practice to adopt the information and statistics set forth in this section based on official data and announcements from various PRC government agencies and database such as Bloomberg, and regarded them as reliable. While preparing such information and statistics, we have relied on the assumptions listed below:

- All data published by statistics bureaus of the PRC government are true and correct; and
- All information relating to residential sales transactions collected from the relevant local housing administrative bureaus is true and correct.

Our Directors confirm that there have been no adverse changes in the market information since the Latest Practicable Date which may qualify, contradict or have an impact on the information in this section.

PRC REGULATORY OVERVIEW

We are a real estate developer with all operations based in China. The following is a summary of PRC laws and regulations that are of material relevance to our business operations in China.

ESTABLISHMENT OF A REAL ESTATE DEVELOPER

General Regulations

The laws and regulations that permit the existence and investment in real estate development in China are the basis for our establishment and continued expansion in China.

According to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》, the “Urban Real Estate Law”) promulgated by the Standing Committee of NPC on July 5, 1994, becoming effective in January 1995, and amended in August 2007 and August 2009 respectively, real estate development refers to the act of constructing infrastructure and buildings on state-owned land, the land use rights of which have been legally acquired; and a real estate developer is defined as an enterprise which engages in the development and operation of real estate for the purpose of making profits. Under the Administrative Regulations on Urban Real Estate Development and Operation (《城市房地產開發經營管理條例》, the “Development and Operation Regulations”) promulgated by the State Council on July 20, 1998 and revised on January 8, 2011, an enterprise which is to engage in the development of real estate shall satisfy the following requirements:

- its registered capital shall be RMB1 million or more; and
- it shall have four or more full-time professional real estate/construction technicians and two or more full-time accountants, each of whom shall hold the relevant qualification certificate.

According to the Development and Operation Regulations, the People’s Government of a province, autonomous region or municipality directly under the Central Government may, based on local circumstances, impose more stringent requirements than the preceding clauses over the registered capital and professional technicians of a real estate developer.

According to the Development and Operation Regulations, to establish a real estate developer, an application for registration shall be submitted to the administration for industry and commerce. The real estate developer shall also file its establishment with the competent authority of real estate development in the location of its registration within 30 days upon obtaining its business license. Establishment of a foreign-invested enterprise engaging in real estate development and sale shall also go through the relevant review and approval procedures in accordance with the PRC laws and regulations on foreign-invested enterprises.

The minimum proportion of capital fund in real estate development projects (excluding affordable housing projects) was raised to 35% or more under the Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment Projects of Certain Industries (《關於調整部分行業固定資產投資項目資本金比例的通知》) issued by the State Council on April 26, 2004. In May 2009, the State

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Council issued the Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment Projects (《關於調整固定資產投資項目資本金比例的通知》) to reduce such proportion to 20% for ordinary commodity housing projects (普通商品住房項目) and indemnificatory housing projects (保障性住房項目) and 30% for other real estate development projects.

Foreign-Invested Real Estate Developers

Under the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) promulgated by MOFCOM and NDRC on March 10, 2015 and becoming effective on April 10, 2015,

- the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited; and
- other real estate development falls within the category of industries in which foreign investment is permitted.

Subject to approval by the relevant foreign investment administration authorities, a foreign investor intending to engage in the development and operation of real estates shall establish an equity joint venture, a cooperative joint venture or a wholly owned foreign enterprise in accordance with the PRC laws and administrative regulations on foreign-invested enterprises.

On April 6, 2010, the State Council issued the Opinions on Further Enhancing the Utilization of Foreign Capital (《關於進一步做好利用外資工作的若干意見》), which provides that projects with a total investment amount (including increase in capital) of less than US\$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Catalogue of Industries for Guiding Foreign Investment (《外商投資產業指導目錄》) shall, other than those that are subject to the approval of relevant departments of the State Council under the requirements of the Catalogue of Investment Projects Approved by the Government (《政府核准的投資項目目錄》), be subject to the approval of relevant departments of local governments.

On May 4, 2010, NDRC issued the Circular on Properly Delegating the Authority to Approve Foreign-invested Projects (《關於做好外商投資項目下放核准權限工作的通知》). Under the circular, projects with a total investment amount (including increase in capital) of less than US\$300 million within the category of industries in which foreign investment is encouraged or permitted as listed in the Catalogue of Industries for Guiding Foreign Investment and originally subject to the approval of NDRC shall, other than those that are subject to the approval of relevant departments of the State Council under the requirements of the Catalogue of Investment Projects Approved by the Government, be subject to the approval of the development and reform commissions at the provincial level. In particular, the authority to approve projects within the category of industries under restriction as set out in the Catalogue of Industries for Guiding Foreign Investment is not to be delegated for the time being.

On June 10, 2010, MOFCOM released the Circular on Issues Concerning Delegating the Review and Approval Authority for Foreign Investment (《關於下放外商投資審批權限有關問題的通知》). Under the circular, local competent authorities of commerce shall be responsible for the approval and management of the establishment and alteration of foreign-invested enterprises within the encouraged

PRC REGULATORY OVERVIEW

and permitted categories under the Catalogue of Industries for Guiding Foreign Investment with a total investment amount of US\$300 million or less and within the restricted category under the Catalogue of Industries for Guiding Foreign Investment with a total investment amount of US\$50 million or less; the local approval authorities shall be responsible for the approval and management of single increase of capital with an amount less than the above.

On July 11, 2006, Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market (《關於規範房地產市場外資准入和管理的意見》). According to the opinions, a foreign investor shall meet the following requirements in order to invest in the real estate market in China:

- A foreign entity or individual purchasing non-self-occupied properties in China shall, subject to the principle of commercial existence, apply for the establishment of a foreign-invested enterprise pursuant to the regulations on foreign investment in real estate, and may only conduct relevant operations within the approved business scope after obtaining approval from the relevant government authorities and completing the relevant registrations.
- If the total investment amount of a foreign-invested real estate developer exceeds or equals to US\$10 million, the registered capital shall not be less than 50% of the total investment amount. If the total investment amount is less than US\$10 million, the prevailing regulations on the registered capital shall apply.
- The establishment of a real estate enterprise shall be legally approved by the competent administration of commerce and the administration for industry and commerce, which will conduct the registration procedures and issue the Foreign-Invested Enterprise Approval Certificate and business license for a term of one year. After fully settling the land premium, the enterprise may apply for the certificate of state-owned land use right from the administration of land with the above certificates. With the certificate of state-owned land use right, the enterprise may apply for the formal Foreign-Invested Enterprise Approval Certificate from the competent administration of commerce, and then apply for a business license with an operation term in line with that of the Foreign-Invested Enterprise Approval Certificate from the administration for industry and commerce, and apply for tax registration with the tax authorities.
- Transfer of projects of or equities in a foreign-invested real estate developer and the merger and acquisition of a domestic real estate developer by a foreign investor shall be approved by the competent administration of commerce in strict compliance with the relevant laws, regulations and policies. The investor shall submit: (a) a letter of guarantee pledging to comply with the state-owned land use right grant contract, the construction land planning permit and the construction project planning permit, etc.; (b) the certificate of state-owned land use right; (c) the proof of change of registration issued by the relevant competent construction and real estate administrations; and (d) the proof of tax payment issued by the relevant tax authorities.

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- A foreign investor merging and acquiring a domestic real estate enterprise by way of equity transfer or other means, or acquiring a domestic investor's equity interests in joint ventures, shall make proper arrangements for the real estate enterprise's employees and bank loans, and pay all transfer fee in a lump sum with its own capital. Foreign investors with unfavorable records are prohibited from carrying out such activities in China.

On August 14, 2006, MOFCOM issued the Circular Concerning the Implementation of the Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate 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〉有關問題的通知》). The circular requires that the registered capital of a foreign-invested real estate enterprise ("FIREE") shall be not less than 50% of its total investment if its total investment exceeds US\$3 million and not less than 70% of its total investment if its total investment is US\$3 million or less. A foreign investor merging and acquiring a domestic real estate enterprise by way of equity transfer or other means shall make proper arrangements for the real estate enterprise's employees and bank loans, and pay all transfer fee in a lump sum with its own capital within 3 months after the date of issuance of business license for the foreign-invested enterprise.

On May 23, 2007, MOFCOM and SAFE jointly issued the Circular on Further Strengthening and Regulating the Approval and Supervision of Foreign Direct Investments in the 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》, the "No. 50 Circular"). According to the circular,

- The local competent authorities of commerce shall reinforce the approval and supervision of FIREEs, and strictly control foreign investors from investing in high-class real estate development projects.
- Foreign investors applying for the establishment of real estate enterprises shall first obtain land use rights and real estate or building ownership, or have entered into pre-contract purchase agreements with the relevant administrations of land, land developers or the owners of the real estate or building, otherwise the establishment will not be approved by approval authorities.
- Existing foreign-invested enterprises which intend to expand into real estate development or operation and existing FIREEs which intend to engage in the development and operation of new real estate projects shall go through the relevant procedures with approval authorities.
- The merger and acquisition of domestic real estate enterprises by means of round trip investment (including those with the same de facto controller) is strictly controlled. Foreign investors shall not avoid the examination and approval of foreign investment in real estates by changing the de facto controllers of domestic real estate enterprises.
- The Chinese or foreign investors in FIREEs are prohibited from reaching any term on fixed return or disguised fixed return in any form.

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- A local approval authority shall promptly file with MOFCOM after approving the establishment of a foreign-invested real estate company. Local administrations of foreign exchange and designated foreign exchange banks shall not go through formalities for foreign exchange settlement and sale under capital accounts of the FIREEs which fail to file with MOFCOM or pass the joint annual inspection on foreign-invested enterprises.

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

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

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

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

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

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

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

On March 30, 2015, SAFE promulgated the Notice on Reforming the Administrative Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (《關於改革外商投資企業外匯資本金結匯管理方式的通知》, the “SAFE Notice 19”), which takes effect on June 1, 2015. The notice provides that foreign-invested enterprises shall be allowed to settle their foreign exchange capitals on a discretionary basis. For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis. RMB funds derived from foreign exchange capital settlement of a foreign-invested enterprise shall be used within the business scope approved by the governmental authority and foreign-invested enterprises other than FIREEs shall not purchase non-self-occupied domestic properties with RMB funds derived from foreign exchange capital settlement. Except for the transfer of equity investment payments in their original currencies, a foreign-invested enterprise whose main business is investment is allowed to directly settle its foreign exchange capital or transfer the RMB funds under its account for foreign exchange settlement pending payment to the account of an invested enterprise according to the actual amount of investment, provided that the relevant domestic investment project is real and compliant.

On August 19, 2015, MOHURD, MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated the Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market (《關於調整房地產市場外資准入和管理有關政策的通知》), which amended certain policies on foreign investment real estate enterprises and property purchase by overseas organizations and individuals as stated in the Opinions on Regulating the Entry and Administration of Foreign Capital in the Real Estate Market. For example, branches and representative offices established by overseas organizations in China (except for enterprises engaging in real estate business operation upon approval) and foreign individuals studying or working in China are allowed to purchase property for self-use or self-occupation according to their actual needs; and the requirement on full payment of registered capital of the foreign investment real estate enterprises before applying for domestic or foreign loans or foreign exchange loan settlement is lifted.

QUALIFICATIONS OF A REAL ESTATE DEVELOPMENT ENTERPRISE

Under the Regulations on Administration of Development of Urban Real Estate (《城市房地產開發經營管理條例》) promulgated by the State Council on July 20, 1998, the real estate development authorities shall examine applications for registration of qualifications of a real estate developer when it reports its establishment, by considering its assets, professional personnel and business results. A real estate developer shall only undertake real estate development projects in compliance with the approved qualification registration.

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Under the Provisions on Administration of Qualification of Real Estate Developers (《房地產開發企業資質管理規定》), or the Provisions on Administration of Qualifications, promulgated by Ministry of Construction and implemented on March 29, 2000, a real estate development enterprise must apply for registration of its qualification according to the Provisions on Administration of Qualifications. An enterprise may not engage in the development and sale of properties without a qualification classification certificate for real estate development. Ministry of Construction oversees the qualifications of real estate developers with national operations, and local Ministry of Construction authorities at or above the county level oversee the qualifications of local real estate developers.

In accordance with the Provisions on Administration of Qualifications, the qualification of a real estate development enterprise is classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualifications should be examined and approved by corresponding authorities.

- Class 1 qualifications are subject to preliminary examination by Ministry of Construction authorities at the provincial level and the final approval of Ministry of Construction. A class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.
- Class 2 or lower qualifications are regulated by Ministry of Construction authorities at the provincial level subject to delegation to lower level government agencies. A real estate developer of class 2 or lower may undertake a project with a total GFA of less than 250,000 sq.m. subject to confirmation by Ministry of Construction authorities at the provincial level.

Under the relevant PRC laws and regulation, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by considering the professional personnel in their employment, financial condition and operating results. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer within any specific qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another classification.

For a newly established real estate developer, the competent authorities will issue a provisional qualification certificate, if it is an eligible developer, within 30 days of receipt by the authority of the application. The provisional qualification certificate will be effective for one year since its issuance, and MOHURD authorities may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The real estate developer should apply for qualification of classification to the relevant authorities within one month before expiration of its provisional qualification certificate.

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

DEVELOPMENT OF REAL ESTATE PROJECTS

Land for Real Estate Development

Although all land in the PRC is owned by the state or is collectively owned, individuals and entities may obtain land use rights and hold such land use rights for development purposes.

On April 12, 1988, NPC amended the Constitution, permitting the legal transfer of land use right. On December 29, 1988, the Standing Committee of NPC amended the “Land Administration Law of the PRC” (《中華人民共和國土地管理法》), permitting the legal transfer of land use right.

Under the Interim Regulations on Grant and Assignment of the State-owned Urban Land Use Right of the PRC ((《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 “Interim Regulations on Grant and Assignment”) promulgated by the State Council on May 19, 1990, China adopts a system of granting and assigning state-owned land use right. A land user shall pay a land premium to the State as the consideration for the grant of the land use right by the State for a specified period of time, during which the land user may assign, lease, mortgage or otherwise commercially exploit the land use right. Under the Urban Real Estate Law and the Interim Regulations on Grant and Assignment, the land administration authorities at city or county level shall enter into a land grant contract with the land user to grant land use right. The land user shall pay the land premium as stipulated by the land grant contract. After paying the land premium in full, the land user may register with the land administration authorities and obtain a land use right certificate evidencing the acquisition of land use right.

The Urban Real Estate Law and the Development and Operation Regulations provide that the land use right of land for real estate development must be obtained through grant, except for land use rights which may be obtained through premium-free allocation pursuant to the provisions of the PRC laws or the administrative regulations of the State Council.

On September 24, 2003, Ministry of Land and Resources promulgated the Circular on Strengthening Land Supply Management and Promoting the Sustainable Sound Development of the Real Estate Market (《關於加強土地供應管理促進房地產市場持續健康發展的通知》), which provides that land supply for high-class commodity housing shall be strictly controlled.

On August 31, 2006, the State Council promulgated the Circular on Strengthening Land Control (《關於加強土地調控有關問題的通知》). The circular requires to establish a system for uniformly publicizing the minimum rate standards of industrial land grant to uniformly formulate and publicize the minimum rate standards of industrial land grant in all localities. The minimum rate

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standards of industrial land grant shall not be less than the sum of the cost of obtaining the land, the preliminary cost of land development and the related expenses collected as required. The industrial land must be transferred by way of tender, auction or listing at a price not less than the minimum rates as publicized.

Under the Rules Regarding the Grant of State-Owned Land Use Right By Way of Tender, Auction and Listing (《招標拍賣掛牌出讓國有土地使用權規定》) which was promulgated by Ministry of Land and Resources on May 9, 2002 and implemented from July 1, 2002, land for operational purposes, such as business, tourism, entertainment and commercial residential housing, shall be granted through tender, auction or listing. On September 28, 2007, Ministry of Land and Resources promulgated the Rules Regarding the Grant of Right to Use State-Owned Construction Land By Way of Tender, Auction and Listing (《招標拍賣掛牌出讓國有建設用地使用權規定》), which were effective from November 1, 2007. The Rules further clarify the procedures for the grant of land use right by way of tender, auction and listing. Moreover, pursuant to the Rules, land for operational purposes such as industry (including warehouse land, but excluding mining land), business, tourism, entertainment and commercial residential housing, and a land parcel with two or more potential users must be granted by way of tender, auction or listing. The grantee of land use right may only have the land registered and obtain the land use right certificate after full settlement of the land premium as specified in the relevant land grant contract. No land use right certificate shall be issued before full settlement of the land premium or in proportion to the land premium paid.

On September 30, 2007, Ministry of Land and Resources issued the Circular on Implementation of the State Council's Certain Opinions on Resolving Housing Difficulties of Urban Low Income Families By Further Strengthening Control of Land Supply (《關於認真貫徹〈國務院關於解決城市低收入家庭住房困難的若干意見〉進一步加強土地供應調控的通知》) to further enhance the control of land supply. The circular provides that the annual total supply of the land to be developed for low-rent housing, affordable housing and ordinary commodity housing at low-to-medium price and of small-to-medium size must be not less than 70% of the total supply of land for residential housing; the land and resources authorities shall reasonably control the size of each land parcel, shorten the development cycle of the land (the development and construction period of each land parcel shall be no longer than three years in principle) and increase the total amount of land supply, in order to prevent "land enclosure" in large scale by real estate developers. Real estate enterprises which fail to commence and complete construction according to the terms of the relevant land grant contract and rectify the situation within the specified period are prohibited from purchasing new land by tender, auction or listing.

On January 3, 2008, the State Council issued the Circular on Promoting the Economical and Intensive Use of Land (《關於促進節約集約用地的通知》), which provides that for land currently used for industrial purpose, under the precondition that it accords with the relevant planning and that the use of land is not changed, if the land utilization ratio and the plot ratio are increased, no additional land fee should be collected. For newly added land for industrial purpose, control indicators should be further enhanced and no additional land fee should be collected for any part that the GFA of a plant exceeds the control indicators for the plot ratio of such plant. The land user and land fee for land used for industrial and operational purposes must be determined by way of tender, auction or listing.

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On May 11, 2009, Ministry of Land and Resources issued the Circular on Adjusting the Minimum Rate Standards for Industrial Land Grant (《關於調整工業用地出讓最低價標準實施政策的通知》). According to the Circular, for industrial projects which fall within the category of priority industries of the provinces (districts/cities) with an intensive use of land, the base price for land grant may be determined at a level of not less than 70% of the price standard for the class of land where they locate. The base price for industrial land grant shall not be less than the sum of the cost of obtaining the land, the preliminary cost of land development and the related expenses collected as required.

On August 10, 2009, Ministry of Land and Resources and the Ministry of Supervision of the PRC promulgated the Circular on Further Implementing the Industrial Land Grant System (《關於進一步落實工業用地出讓制度的通知》). The circular provides that the industrial land shall be granted through tender, auction or listing. During the industrial land grant period, the grantee may increase the plot ratio without paying any additional land premium upon approval, provided that such increase conforms with the plan and that the use of land is not changed.

Ministry of Finance, Ministry of Land and Resources, PBOC, the Ministry of Supervision of the PRC and the National Audit Office of the PRC issued the Circular on Further Tightening Control over Income and Expenses of Land Grant (《關於進一步加強土地出讓收支管理的通知》) on November 18, 2009. According to the circular, the term of payment by installment for land premium as stipulated in the land grant contract shall not exceed one year in principle or, in the case of special projects, the payment shall be fully settled within two years as collectively decided by local land grant coordination and decision-making authorities. The down payment shall not be less than 50% of the land premium.

On March 8, 2010, Ministry of Land and Resources promulgated the Circular Concerning Issues on Strengthening Real Estate Land Supply and Supervision (《關於加強房地產用地供應和監管有關問題的通知》) to strictly regulate the grant of land for commodity housing. According to the circular,

- the supply of land for affordable housing, rebuilt shanty areas and small-to-medium sized self-occupied commodity housing shall not be less than 70% of the total land supply for residential housing construction. Land supply for large-sized residential housing construction shall be strictly controlled, and land supply for villas shall be suspended.
- the area of a single land parcel granted for commodity housing shall be strictly controlled.
- the minimum price of land grant shall not be less than 70% of the benchmark price of the class where the land parcel being granted is located, and the bidding deposit shall not be less than 20% of the minimum grant price.
- after a land grant deal is closed, a land grant contract shall be signed within 10 working days therefrom. The first installment, which is 50% of the grant price, shall be paid within one month after signing the contract, while the remaining payment shall be made in time in accordance with the contract, which shall not be later than one year.

On September 21, 2010, Ministry of Land and Resources and MOHURD jointly released the Circular on Further Strengthening Administration and Control over Land Utilization and Construction of Real Estate (《關於進一步加強房地產用地和建設管理調控的通知》) to tighten the examination of

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qualifications of land bidders. The circular specifies that when a bidder takes part in the bidding, auction or listing of the granted land, the competent department of land and resources shall, in addition to requiring effective certificate of identity and payment of the tender (bid) deposit, require an undertaking letter stating that the tender (bid) deposit is not sourced from any bank loan, shareholders' borrowing, on-lending or fund-raising as well as a credit certificate issued by a commercial financial institution. Where a bidder is found to have violated the laws, regulations or contracts as follows, the competent department of land and resources shall forbid the bidder and his controlling shareholders from participating in land bidding activities: (1) committing crimes, such as forgery of instruments with an aim of obtaining the land by deception and illegal re-sale of the land; (2) conducting illegal activities, such as illegal transfer of land use right; (3) leaving the land idle for more than one year for developer's own reasons; (4) where the development and construction enterprise develops and utilizes the land in violation of the conditions stipulated in the grant contract. Besides, the grant of two or more bundled land parcels or uncleared lands is prohibited.

On December 19, 2010, Ministry of Land and Resources issued the Circular on Issues Concerning Strict Implementation of Real Estate Land Control Policies and Promotion of Healthy Development of the 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》). According to the circular, where a bidder and his controlling shareholders are found to act in violation of relevant laws, regulations and contracts, such as forging instruments with an aim of obtaining the land by deception, illegally reselling the land, illegally transferring land use right, leaving the land idle for more than one year for developer's own reason and developing and utilizing the land in violation of the conditions stipulated in grant contracts, they shall not pass the bidding qualification examination. Arbitrary adjustment of the plot ratio shall be stopped firmly. Where plot ratio adjustment is approved in line with relevant laws, the competent departments of land and resources at city or county level shall determine the land premium differences to be paid on the basis of the land value in terms of per unit floorage in the land market at the time when the adjustments are approved.

On May 13, 2011, Ministry of Land and Resources issued the Opinions on Maintaining and Improving the System for the Grant of Land by way of Tender, Auction and Listing (《關於堅持和完善土地招標拍賣掛牌出讓制度的意見》). According to the opinions, on the basis of determining the base price of land grant in accordance with the law, factors affecting the development and utilization of land, such as land price and time of payment, development and construction cycle, construction requirements, degree of economical and intensive use of land and performance of previous grant contracts by the enterprises, shall be taken as bid evaluation conditions. On March 16, 2012, Ministry of Land and Resources issued the Opinions on Promoting the System of the Economical and Intensive Use of Land (《關於大力推進節約集約用地制度建設的意見》), which require maintaining and improving the system for the grant of land by way of tender, auction and listing. Land use should be determined by planning and the land premium and land user should be determined by market competition. Policies encouraging the economical and intensive use of industrial land should be encouraged, and the requirement that no additional land premium will be charged when enhancing the utilization ratio and plot ratio of industrial land should be improved. A land pricing policy for priority industries is adopted. For industrial projects which fall within the category of priority industries of the provinces (districts/cities) with an intensive use of land, the base price may be determined at a level of not less than 70% of the "Minimum Rate Standards for Industrial Land".

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On May 23, 2012, Ministry of Land and Resources and NDRC jointly issued the Catalogue of Restricted Use of Land (2012 Version) (《限制用地項目目錄(2012年本)》) and the Catalogue of Prohibited Use of Land (2012 Version) (《禁止用地項目目錄(2012年本)》). According to the above catalogues, the area of a parcel of land granted for residential project shall be no more than 7 hectares in small cities and designated towns, 14 hectares in medium cities or 20 hectares in large cities; the plot ratio shall not be lower than 1.0 (1.0 included); real estate development projects for villas and golf courses shall fall into the category of prohibited use of land.

In accordance with the Regulations for the Expropriation of and Compensation for Housing on State-Owned Land (《國有土地上房屋徵收與補償條例》) promulgated by the State Council and implemented in January 2011, with regard to the expropriation of the housing of entities and individuals on the State-owned land, the owners of the housing being expropriated shall be offered a fair compensation for the need of public interest.

Compensation offered by governments at municipal and county levels that make housing expropriation decision to parties with housing being expropriated includes: (i) compensation for the value of the housing being expropriated; (ii) compensation for relocation and temporary settlement caused by expropriation of housing; and (iii) compensation for the loss arising from the suspension of production and operation caused by expropriation of housing.

The amount of compensation for value of housing being expropriated shall not be less than market price of the real estate similar to it on the announcement date of the housing expropriation decision. The value of housing being expropriated shall be appraised and determined by a real estate price appraisal institution with corresponding qualification according to the housing expropriation appraisal measures. A party that objects to the value of the housing being expropriated appraised and determined may apply to the real estate price appraisal institution for review of the appraisal. A party that objects to the review result may apply to the real estate price appraisal expert committee for verification.

The parties with housing being expropriated may choose monetary compensation, or may choose to exchange the property right of housing. If the parties with housing being expropriated choose to exchange the property right of housing, governments at municipal and county levels shall provide housing used for the exchange of property right, and calculate and settle the difference between the value of housing being expropriated and the value of housing used for the exchange of property right. If residential housing of an individual is expropriated due to renovation of old urban district and individual chooses to exchange for the property right of housing in the area being renovated, governments at municipal and county levels that make the housing expropriation decision shall provide the housing in the area being renovated or the nearby area.

Commencement of Development of a Real Estate Project

In accordance with the Measures for Administration of Examination and Approval of Construction Land (《建設用地審查報批管理辦法》) promulgated by Ministry of Land and Resources on March 2, 1999 and amended in November 2010, and the Measures for Administration of Preliminary Examination of Construction Project land (《建設項目用地預審管理辦法》) promulgated by Ministry of Land and Resources on July 25, 2001, and amended on November 1, 2004 and

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November 29, 2008 respectively and taking effect from January 1, 2009, the constructor or developer must make a preliminary application for the construction land to the relevant competent land administration authorities. After receiving the preliminary application, the competent land administration authorities shall carry out preliminary examination on matters related to the construction project in compliance with the overall land utilization plans and national land supply policy. The competent land administration authorities at city or county level will sign a land grant contract with the land user and issue an Approval Certificate for Construction Land to the constructor or developer.

Idle Land

According to the Urban Real Estate Law, those who obtain land use right for real estate development by grant must develop the land according to the purposes and within the development time frame as agreed under the land use right grant contract. Those who fail to commence development of the land within one year from the construction commencement date stipulated in the land grant contract may be charged an idle land fee of up to 20% of the land premium, and those who fail to commence development within two years may be deprived of land use right without compensation, except where the delay in commencement is due to force majeure, actions of governments or relevant government departments, or preliminary work necessary for the commencement of development.

According to the Regulations on the Disposal of Idle Land (《閒置土地處置辦法》) promulgated by Ministry of Land and Resources on April 26, 1999, amended on June 1, 2012 and taking effect from July 1, 2012, land with the following conditions is considered to be idle:

- the holder of the state-owned construction land use right fails to commence developing the state-owned construction land within one year after the construction commencement date as agreed or stated in the contract of compensated use of state-owned construction land or the land allocation decision;
- the area of the construction land developed upon commencement of development is less than 1/3 of the planned total area for development and construction, and the development and construction of the state-owned construction land has been suspended for more than one year;
- the amount invested in the land is less than 25% of the total investment, and the development and construction of the state-owned construction land has been suspended for more than one year; or
- fails to commence development and construction within one year from the date of actual delivery of land, if the construction commencement date is not agreed or stated or not clearly agreed or stated.

According to the above regulations, for idle land where construction and development has not commenced for one year, the competent department of land and resources at city or county level shall charge idle land fee at 20% of the cost of land grant or allocation. In the event that the construction and development has not commenced for two years, the competent department of land and resources

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at city or county level shall, upon the approval of the People's Government with approval authorities, issue the Decision on Recovering the Right to Use State-owned Construction Land to a holder of state-owned construction land use right, and recover the right to use the state-owned construction land without compensation. The above regulations also list the situations where the idleness of land is due to the reasons attributable to the governments as well as the ways of handling idle land under such situations.

Planning of a Real Estate Project

Under the Measure for Planning and Administration of Grant and Assignment of Right to Use Urban State-owned Land (《城市國有土地使用權出讓轉讓規劃管理辦法》) promulgated by Ministry of Construction on December 4, 1992, becoming effective from January 1, 1993 and revised on January 26, 2011, the grantee under a land grant contract, i.e. a real estate developer, shall apply for a construction land planning permit from the relevant competent authorities of urban planning and administration. The enterprise may apply for the certificate of land use right only after obtaining such permit.

Under the Law on Urban and Rural Planning of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the Standing Committee of NPC on October 28, 2007, effective from January 1, 2008, a real estate developer shall apply for the construction work planning permit from the competent authorities of urban and rural planning under the People's Government at city or county level for project construction.

Construction of a Real Estate Project

According to the Measures for Administration of Construction Permit for Construction Projects (《建築工程施工許可管理辦法》) promulgated by MOHURD on June 25, 2014, becoming effective from October 25, 2014, a developer engaging in the construction and decoration of various kinds of houses and buildings as well as the ancillary facilities shall apply for a construction permit from the competent construction administration authorities at county level or above where the construction is located before the commencement of the construction.

In accordance with the Circular on Strengthening and Standardizing the Administration of Newly-commenced Projects (《關於加強和規範新開工項目管理的通知》) promulgated by the General Office of the State Council on November 17, 2007, construction projects shall meet certain conditions before commencement, including complying with the national industrial policies, development and construction plans, land supply policies and market access criteria; completing the approval, ratification or filing procedures; complying with the urban and rural planning; obtaining the approval of the use of land; completing the approval of the environmental impact assessment; completing the energy-saving appraisal and examination for fixed asset investment projects; and acquiring the construction permit.

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Completion of a Real Estate Project

According to the Development and Operation Regulations, the Provisions on Acceptance Inspection Upon Completion of House Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by MOHURD on December 2, 2013 and the Administrative Measures on the Filing of Acceptance Inspection upon Completion of House Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by Ministry of Construction on April 4, 2000 and revised by MOHURD on October 19, 2009, after the completion of real estate projects, the real estate developer must organize an acceptance inspection and, after passing the inspection, file with the relevant governmental authorities on such completion of acceptance inspection. A real estate development project shall not be delivered for use until and unless it has carried out and passed the acceptance inspection. Where a real estate project is developed in phases, acceptance inspection may be carried out by phase.

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》), promulgated by the Standing Committee of NPC in June 2002 and revised in August 2009 and August 2014, 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 PRC (《中華人民共和國建築法》) promulgated and revised by the Standing Committee of NPC in November 1997 and April 2011, respectively, 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.

Civil Air Defense Property

Pursuant to the Law on National Defense of the PRC (《中華人民共和國國防法》) promulgated by NPC on March 14, 1997, as amended on August 27, 2009, national defense assets are owned by the state. Pursuant to the Law on Civil Air Defense of the PRC (《中華人民共和國人民防空法》), or the Civil Air Defense Law, promulgated by NPC on October 29, 1996, as amended on August 27, 2009, civil air defense is an integral part of national defense. The Civil Air Defense Law encourages the public to invest in the construction of civil air defense properties and investors in civil air defense properties are permitted to use (including lease) and manage civil air defense properties in time of peace and profit therefrom. However, such use may not impair their functions as civil air defense properties. The design, construction and quality of civil air defense properties must conform to the

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protection and quality standards established by the state. On November 1, 2001, the National Civil Air Defense Office issued the Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times (《人民防空工程平時開發利用管理辦法》) and the Administrative Measures for Maintaining the Civil Air Defense Property (《人民防空工程維護管理辦法》), which specify how to use, manage and maintain civil air defense properties.

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 as a condition for the commercial bank intends to grant a development loan to the property development enterprise.

Environmental Protection

The laws and regulations governing the environmental protection for real estate developments in China include the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact report, an environmental impact analysis table or an environmental impact registration form must be submitted by a developer and approved by the relevant environmental regulatory authority, before the relevant authority will grant an approval for the commencement of construction of the real estate development. In addition, upon completion of the real estate development, the relevant environmental regulatory authority will also inspect the property project to ensure compliance with the applicable environmental protection standards and regulations before the property project may be delivered to the purchasers.

SALE OF REAL ESTATE

Under the Measures for Administration of Sale of Commodity Properties (《商品房銷售管理辦法》) promulgated by the Ministry of Construction in April 2001, sale of commodity houses may include both sales before the completion of the properties, or pre-sale, and sales after the completion of the properties.

Any pre-sale of commodity buildings must be conducted in accordance with the Measures for Administration of Pre-sale of Urban Commodity Properties (《城市商品房預售管理辦法》), or the Urban Pre-sale Regulation, promulgated by Ministry of Construction in November 1994, as amended in August 2001 and July 2004, and other related regulations. The pre-sale regulations provide that any pre-sale of commodity properties is subject to specified procedures. According to the current PRC laws and regulations, a presale permit must be in place before a commodity building may be put to

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pre-sale. Specifically, a developer intending to sell a commodity building before its completion must apply to the real estate development authorities for a pre-sale permit. The pre-sale proceeds of commodity buildings must be used to develop the relevant project so pre-sold. A commodity building may be sold before completion only if:

- the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been properly obtained;
- a construction works planning permit and a construction permit have been properly obtained;
- the funds invested in the development of the commodity buildings put to pre-sale represent 25% or more of the total investment in the project and the progress of works and the completion and delivery dates have been properly ascertained; and
- a pre-sale permit has been obtained through pre-sale registration. According to the Urban Real Estate Law and the Urban Pre-sale Regulation, for the pre-sale of a commodity property, the developer must sign a contract on the pre-sale of the commodity property with the purchaser. The developer must, within 30 days of signing the contract, apply for registration and record of the contract for pre-sale of commodity property at the relevant departments of the county-level governments. Property administrative departments are required to use network information technology to gradually implement a web-based registration of pre-sale contracts.

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

Pursuant to the Administration of sale of commodity properties (《商品房銷售管理辦法》) promulgated by Ministry of Construction on April 4, 2001 which became effective on June 1, 2001, commodity buildings may be put to post-completion sale and delivery after they have passed the completion examination and satisfy the various preconditions for such sale. Before the post-completion sale of a commodity building, the developer must, among other things, submit the real estate development project manual and other documents relating to the project evidencing the satisfaction of the preconditions for post-completion sale to the real estate development authority for its record.

A property developer shall not sell uncompleted commercial properties through after-sale lease guarantee or by any such means in covert forms. After-sale lease guarantee stipulated in the aforementioned regulatory measures refers to that a property developer sells commodity houses by making commitment to lease back or assist buyers in renting out commercial properties within a

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certain period after sale. A property developer may not sell commercial properties by means of cost-returned sale or any such means in disguised forms. The cost-returned sale in these measures refers to an arrangement under which a property developer sells commercial properties and refunds periodically to the purchaser certain portions of the sales proceeds.

LOAN FOR REAL ESTATE

Under the Circular on Further Strengthening the Administration of Real Estate Credit (《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 requirements for banks to provide loans for residential development, individual housing mortgage and individual commodity housing are tightened:

- Real estate development loans shall be granted to real estate developers which are qualified for real estate development, rank high in credibility and have no overdue payment for construction fees. Such loans shall be given in support of residential housing projects which are affordable by families with medium-to-low income particularly, and shall be strictly restricted from projects involving building properties of large size and/or covering large area, such as luxurious commodity housing and villas. For real estate developers with high vacancy rate of commodity housing and high debt ratio, strict approval and close monitoring must be applied to their new real estate development loans.
- Commercial banks may not grant loans to real estate developers for the payment of land premium.
- Commercial banks shall not grant any kind of loans to projects without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit. Loans applied for by real estate developers shall only be granted by commercial banks in the name of real estate development loans, but not in the name of real estate development liquidity loans or other types of loans. Commercial banks may recover the non-real estate development loans that have been granted to the real estate developers, but are not allowed to grant new ones. To apply for bank loans, a real estate developer's self-owned funds (owner's equity) shall not be less than 30% of the total investment of the development project. The real estate loans granted by a commercial bank may only be used for the real estate projects in the region where the developer is located, and are prohibited to be used across regions.

In the Circular on Facilitating the Continuous Healthy Development of the Real Estate Market (《關於促進房地產市場持續健康發展的通知》) issued by the State Council on August 12, 2003, a series of measures were adopted by the government to control the real estate market, including, among others, strengthening the construction and management of affordable houses, increasing the supply of ordinary commodity housing and controlling the construction of high-class commodity housing. Besides, the government also staged a series of measures on developing residential housing credit, including strengthening efforts on housing provident fund collection and granting of loans, improving the guarantee mechanism of individual residential housing loans and strengthening the supervision over real estate loans.

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Under the Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment of Certain Industries (《國務院關於調整部分行業固定資產投資項目資本金比例的通知》) issued by the State Council on April 26, 2004, the proportion of capital fund of real estate projects (excluding affordable housing projects) has been increased from 20% or above to 35% or above.

Pursuant to the Guidance on Risk Management of Real Estate Loans Granted by Commercial Banks (《商業銀行房地產貸款風險管理指引》) issued by CBRC on August 30, 2004, commercial banks shall not provide any loan in any form for projects without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit. For any real estate developer applying for real estate development loan, the proportion of capital fund to be invested in the development project shall be no less than 35%.

On September 27, 2007, PBOC and CBRC jointly issued the Circular on Strengthening the Administration of Commercial Real Estate Credit (《關於加強商業性房地產信貸管理的通知》) to further regulate the administration of commercial real estate credit. These measures include:

- prohibiting commercial banks from granting any kind of loans to projects with a proportion of capital fund (owners' equity) of less than 35%, or without the certificate of land use right, the construction land planning permit, the construction project planning permit and the construction permit;
- prohibiting commercial banks from granting loans to real estate developers solely for the payment of land premium.

According to the requirements under the Circular on Promoting Economical and Intensive Utilization of Land through Financing (《關於金融促進節約集約用地的通知》) issued by PBOC and CBRC on July 29, 2008, a real estate developer applying for land reserve loans from a financial institution by way of mortgage shall have the legitimate certificate of land use right. The maximum amount of mortgage loan offered by a financial institution shall not be more than 70% of the assessed value of the collateral and the loan term shall not exceed two years in principle. The circular also required to tighten the examination and approval of loans for municipal infrastructure and industrial land projects. No credit support shall, in any form, be given to the construction of any municipal infrastructure, ecological planting project or industrial project which does not meet the national standards, or for which no land use approval has been obtained from the land and resources authorities. A financial institution should give prioritized financial support to projects which are to increase the land utilization rate and plot ratio of the existing industrial land as well as to projects which are to develop and utilize the spare, abandoned or idle land provided that such projects meet the planning requirements without changing the original purposes.

On October 28, 2008, the general office of CBRC promulgated the Notice on Strengthening Regulation of Real Estate and Securities Business of Trust Companies (《關於加強信託公司房地產、證券業務監管有關問題的通知》). Pursuant to this notice, trust company is strictly prohibited from loaning to real estate projects which have not acquired state-owned land use rights certificates, construction land planning permits, construction projects planning permits, and construction commencement permits ("four permits"), or indirectly loaning to such real estate projects through investment with additional commitment to repurchase, commercial housing group purchase. Trust loan

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application (including indirect loans through investment with additional commitment to repurchase, commercial housing pre-sales repurchase and etc.) shall be made by real estate development enterprise with not less than the secondary real estate development qualification, and the proportion of the capital fund shall be not less than 35% (except for economically affordable housing). Furthermore, trust company is prohibited to offer liquidity loans to real estate development enterprises (including indirectly offer through assets purchase with commitment to repurchase), or to offer loans to real estate development enterprises to pay land transfer price.

According to the Circular on Adjusting the Proportion of Capital Fund in Fixed Asset Investment Projects (《國務院關於調整固定資產投資項目資本金比例的通知》) issued by the State Council on May 25, 2009, the proportion of capital fund for affordable housing projects and ordinary commodity housing projects is adjusted from 35% to 20%, and, for other properties, from 35% to 30%. Financial institutions shall decide on their own whether to issue loans to real estate developers based on the adjustments to the proportion of capital fund.

On September 29, 2010, PBOC and CBRC jointly issued the Circular on Issues Concerning Improving Differentiated Housing Credit Policies (《關於完善差別化住房信貸政策有關問題的通知》), which provides that if a real estate developer has records of violating the laws and regulations, such as having idle land, changing the use and nature of land, delaying project commencement or completion and hoarding the real estates, all commercial banks shall stop granting loans or providing loan extension to such real estate developer for its new development projects.

MEASURES ON STABILIZING HOUSING PRICE

The General Office of the State Council promulgated a Circular on Stabilizing Housing Price (《關於切實穩定住房價格的通知》) in March 2005, introducing measures to be taken to restrain the housing price from increasing too fast and to promote a stable development of the real estate market. In April 2005, the Ministry of Construction NDRC, Ministry of Finance, Ministry of Land and Resources, PBOC, SAT and CBRC jointly issued the Opinions on Stabilizing Housing Prices (《關於做好穩定住房價格工作的意見》) with the following guidance:

- where the housing price is growing too fast, while the supply of ordinary commodity houses at medium or low prices and low-cost affordable houses is insufficient, the housing construction should mainly involve projects of ordinary commodity houses at medium or low prices and low cost affordable houses. The construction of low-density, high quality houses should be strictly controlled. The relevant local government authorities are authorized to impose conditions on planning and design such as building height, plot ratio and green space and to impose such requirements as sale price, type and GFA as preconditions on land assignment. The local governments are also required to strengthen their supervision of real estate developments in their jurisdiction.

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- Where the price of land for residential use and the price for residential housing are growing too fast, the proportion of land supply for residential use to the total land supply should be appropriately raised, and the land supply for the construction of ordinary commodity houses at medium or low prices and low-cost affordable houses should be especially increased. Land supply for villa construction should continue to be suspended, and land supply for high quality housing property construction should be strictly restricted.
- Commencing from 1 June 2005, a business tax upon transfer of a residential house by an individual within two years from his/her purchase will be levied on the gain from such sale. For an individual to transfer an ordinary residential house after two years from his/her purchase, the business tax will be exempted. For an individual to transfer a property other than an ordinary residential house after two years from his/her purchase, the business tax will be levied on the difference between the price of such sale and the original purchase price.
- Ordinary residential houses with medium or small GFAs and at medium or low prices may be granted preferential treatment such as planning permits, land supply, credit and taxation. Houses enjoying these preferential policies must satisfy all the following conditions in principle: the plot ratio is above 1.0, the GFA of one single unit is less than 120 square meters, and the actual transfer price is lower than 120% of the average transfer price of comparable houses at comparable locations. The local governments at the provincial level may, based on their actual local circumstances, formulate specific standards for ordinary residential houses that may enjoy the preferential policies.
- Transfer of uncompleted commodity properties by any pre-sale purchaser is forbidden.

In addition, purchasers are required to buy properties in their real names. Any commodity property pre-sale contract must also be filled with the relevant government agencies electronically immediately after its execution.

On May 24, 2006, the General Office of the State Council issued the Opinions of Ministry of Construction and Other Departments on Adjusting the Housing Supply Structure and Stabilizing the Housing Prices (《關於調整住房供應結構穩定住房價格的意見》). The regulations on the property credit of this are as follows:

- Strictly impose credit conditions on property development. In order to suppress property development enterprises from storing up land housing resources by use of bank loans, commercial banks shall not provide loans to those property enterprises that fail to meet loan conditions, for example, having a project capital less than 35%. For property development enterprises that have much idle land and vacant commodity properties, the commercial banks shall, in light of the principle of prudential operations, be stricter in controlling the renewal of loans or any form of revolving credit. The commercial banks shall not accept any commodity property that has been idle for more than three years as collateral for loans; and

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- From June 1, 2006, the proportion of initial payment of individual housing mortgage loans shall not be lower than 30%. However, considering the demands for housing by the medium and low-income populations, the purchase of self-used housing with loans with gross floor area no more than 90 square meters is still subject to the provisions of the initial payment of housing at 20%.

In December 2008, the State Council issued the Opinions on Promoting the Healthy Development of Real Estate Market (《關於促進房地產市場健康發展的若干意見》). The opinion provides that in order to expand domestic demand and encourage purchase of ordinary residential housing, residents who purchase ordinary self-occupied housing for the first-time by borrowing a mortgage loan must enjoy preferential policies in relation to loan interest rates and down payment. For residents who have already borrowed a mortgage loan and purchased self-occupied housing for the first time, if the GFA per person of that first housing is lower than the local average, such residents may still enjoy the preferential policies in relation to loan interest rates and down payment when they purchase a second self-occupied house. For any other application on mortgage loans for purchasing a second or subsequent housing unit, the interest rate must be determined by the commercial banks based on the benchmark interest rate and the banks' risk assessments.

On January 7, 2010, the State Council issued a Circular on Promoting the Stable and Sound Development of the Real Estate 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 guidance for the purchase of property, restrain speculation of properties, and strengthen risk prevention and market supervision. Additionally, it explicitly requires a family (including a borrower, his or her spouse and children under 18), who have already purchased a residence through mortgage financing and have applied to purchase a second or more residences through mortgage financing, to pay a minimum down payment of 40% of the purchase price.

In April 2010, the State Council issued the Notice on Resolutely Curbing the Soaring of Housing Prices in Some Cities (《關於堅決遏制部分城市房價過快上漲的通知》), which increases (i) the amount of down payment to 30% of the property price for the purchase of the first property over 90 sq. m.; (ii) the amount of down payment to 50% of the property price for the purchase of the second property and the mortgage interest rate to be no less than 1.1 times the benchmark rate in China and (iii) the amount of down payment and the mortgage interest rate for additional properties significantly as determined by the banks in accordance with their risk management policies.

MOHURD, PBOC and CBRC jointly released the Circular on Regulating the Recognition Standards of the Second House in Commercial Individual Housing Loans (《關於規範商業性個人住房貸款中第二套住房認定標準的通知》) on May 26, 2010 to regulate the recognition standards of the second house for applicants of commercial housing loans. Under the circular, for commercial individual housing loans, the number of houses owned by a family shall be calculated based on the number of flats which are actually owned by the members (including the loan applicant and his/her spouse and minor children, hereinafter the same) of the family who plans to purchase a house. The circular also stipulates that house purchasers shall check the house registration records of the family via the house registration information system and provide written enquiry results. Loan applicants who cannot provide enquiry results shall provide written credit guarantee to prove the actual number of houses owned by his/her family.

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On September 29, 2010, Ministry of Finance, SAT and MOHURD jointly issued the Notice on Adjustments to Deed Tax and Individual Income Tax on Real Estate Transactions (《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, the deed tax will be reduced to 50% on the purchase of an ordinary residence for a family(including the purchaser, his/her spouse and children under 18) purchasing their first residence that is also the only housing belonging to the family; in such a case, if the unit floor area is less than 90 sq.m., the deed tax will be at 1%. Purchaser of a residence within one year after his/her sale of former residence will not enjoy the same individual income tax exemption.

On September 29, 2010, PBOC and CBRC jointly issued the Notice on Relevant Issues regarding the Improvement of Differential Mortgage Loan Policies (《關於完善差別化住房信貸政策有關問題的通知》), according to which, the minimum down-payment has been raised to 30% of or all first home purchases, and commercial banks throughout China are required to suspend mortgage loans for purchases of a customer's third or additional residential property. For a mortgage on the second residential property, the down-payment must not be less than 50% of the purchase price and the interest rates must not be less than 1.1 times the base rate. All banks are prohibited from lending for the purposes of new development projects by property companies that have a record of speculating on idle land, changing the land use and nature, delaying development time, manipulating market prices or performing other non-compliant conducts.

On January 26, 2011, the General Office of 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》) requiring, among other restrictive measures: (i) a minimum down payment of at least 60% of the total purchase price with a minimum mortgage lending interest rate of 110% of the benchmark rate published by PBOC for the purchase of a second residential property; and (ii) in municipalities directly under the central government, cities listed on state plans, provincial capitals, and cities where the housing prices are overly high or increasing at an excessively high rate (the "Specified Cities"), local residents(including their spouses and minor children) with two or more residential properties, non-local residents with one or more residential properties and non-local residents that are unable to provide documentation certifying payment of local tax or social security for a specified time period, are not permitted to purchase any (further) residential properties located in the Specified Cities.

The General Office of State Council promulgated the Circular on Further Promoting Real Estate Market Regulation (《關於繼續做好房地產市場調控工作的通知》) on February 26, 2013, introducing six policy measures to control the real estate market, including: (i) improving the accountability system for stabilization of house prices; (ii) strictly controlling over house purchase for speculation; (iii) increasing the supply of ordinary residential houses and the land supply for residential houses; (iv) accelerating the planning and construction of subsidized housing projects; (v) tightening the market regulations and forecast management; (vi) accelerating the establishment and optimization of the long-term mechanism for the healthy development of the real estate market.

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The highlights of the measure for “control over house purchase for speculation” under the notice are as follows:

- Continuous enforcement of stringent restrictions on commodity housing purchases;
- For cities with soaring house prices, the local branches of the PBOC may further increase the proportion of down payments and interest rates for second-home buyers according to the price control targets and policy requirements for newly-constructed commodity housing of the local governments;
- The taxation department and the housing and urban-rural development department shall work closely together to impose person income tax on the sales of self-owned houses. A tax rate of 20% on the proceeds from the transfer shall be strictly levied upon verification of the value of the houses based on tax collection and housing registration data.

The notice also stipulated that if the number of small- and medium-sized units of a general commodity housing project accounted for more than 70% of the total units to be constructed, the banking financial institutions shall give priority to the financing need of the development of the project subject to credit conditions. In addition, the local authorities shall strengthen the pre-sale fund management and improve their regulatory systems. For overpriced pre-sale commodity housing projects in breach of the guidance of the housing and urban-rural development department or the regulations on pre-sale fund, the approval and issuance of the pre-sale permits may be suspended.

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

According to the Notice on Matters Concerning Individual Housing Loan Policies (《關於個人住房貸款政策有關問題的通知》), promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and effective on the same date, and the Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (《關於調整個人住房轉讓營業稅政策的通知》) promulgated by Ministry of Finance and SAT on March 30, 2015 and effective on March 31, 2015 (collectively, the “330 New

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Policy”), where a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower’s credit record and financial condition. For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first home, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price. In addition, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

On September 30, 2015, PBOC and CBRC jointly issued the Notice on Relevant Issues Regarding the Further Improvement of Differential Mortgage Loan Policies (《關於進一步完善差別化住房信貸政策有關問題的通知》), according to which, in the cities where no restrictions on house purchase are in force, when a household uses a commercial personal housing mortgage loan to purchase an ordinary residential property as the first home, the minimum down payment shall not be less than 25% of the house price.

On August 27, 2015, MOHURD, Ministry of Finance and PBOC jointly issued the Notice on Adjustments to the Down Payment of a Housing Provident Fund Loan (《關於調整住房公積金個人住房貸款購房最低首付款比例的通知》), which provides that resident households which already own one residential property with the mortgage loans paid off shall be entitled to a reduced down-payment requirement, from 30% to 20% of the total purchase price, when they re-apply for a housing provident fund loan to purchase a second home. The relevant authorities in Beijing, Shanghai, Guangzhou and Shenzhen shall have the discretion to decide the local down-payment requirement for second-home purchases with housing provident fund loans.

PROPERTY MANAGEMENT

According to the Regulations on Property Management (《物業管理條例》) issued by the State Council on June 8, 2003, effective from September 1, 2003 and amended on August 26, 2007, the State implements a qualification scheme in managing property service enterprises. Under the Measures for Administration of Qualifications of Property Service Enterprises (《物業服務企業資質管理辦法》) issued by Ministry of Construction on March 17, 2004, effective from May 1, 2004 and amended on November 26, 2007, a newly established property service enterprise shall, within 30 days from the date of receiving its business license, apply from the competent authorities of real estate of the

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People's Governments of municipalities directly under the Central Government and cities divided into districts where industrial and commercial registration was completed for a grading assessment. The departments of qualification examination and approval will check and issue the qualification certificate corresponding to their grades.

Under the Measures for Administration of Qualifications of Property Service Enterprises, the qualifications of property service enterprises shall be classified into class one, class two and class three. The competent construction authorities of the State Council shall be responsible for issuance and administration of the qualification certificates of class one property service enterprises. The competent construction authorities of the People's Governments of provinces and autonomous regions shall be responsible for issuance and administration of the qualification certificates of class two property service enterprises, and the competent departments of real estate of People's Governments of municipalities directly under the Central Government shall be responsible for issuance and administration of the qualification certificates of classes two and three property service enterprises. The competent departments of real estate of the People's Governments of cities divided into districts shall be responsible for the issuance and administration of the qualification certificates of class three property service enterprises.

Property service enterprises with class one qualification may undertake various property management projects. Property service enterprises with class two qualification may undertake property management business for residential projects of less than 300,000 sq.m. and non-residential projects of less than 80,000 sq.m. Property service enterprises with class three qualification may undertake property management business for residential projects of less than 200,000 sq.m. and non-residential projects of less than 50,000 sq.m.

Under the Interim Measures for Offer and Acceptance of Tender Management of Property Management in Early Stages (《前期物業管理招標投標管理暫行辦法》), which was promulgated by Ministry of Construction on June 26, 2003 and became effective on September 1, 2003, prior to the selection and engagement of property management enterprises by owners of properties and the general meeting of owners of properties, the construction unit of residences and non-residences within the same management area shall select and engage a qualified property management enterprise through tender. For a project with less than three bidders or small scale residences, the qualified property management enterprise may be selected and engaged by way of an agreement, which is subject to the approval of the real estate administrative departments of the local government at the district or county level where the property is located. Such tenders typically include open tenders and invitational tenders. Where a property management enterprise is selected through a tender, the tender inviter shall complete the work of the tender before obtaining the pre-sale permits for commodity properties.

INTELLECTUAL PROPERTY RIGHTS

China has adopted legislations related to intellectual property rights, including trademarks, patents and copyrights. China is a signatory party to the major intellectual property conventions, including the Paris Convention for the Protection of Industrial Property, the Madrid Agreement

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concerning the International Registration of Marks and Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the Patent Cooperation Treaty, the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, and the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs”).

Regulations on Trademarks

The Trademark Law of the PRC (《中華人民共和國商標法》) was promulgated in August 1982 (amended on February 22, 1993, October 27, 2001 and August 30, 2013) and Implementation Regulations on the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) was promulgated on August 3, 2002 by the State Council and amended on April 29, 2014. These laws and regulations provide the basic legal framework for the regulations of trademarks in China. In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks.

The Trademark Office under SAIC is responsible for the registration and administration of trademarks throughout the country. Trademarks are granted on a term of 10 years. Six months prior to the expiration of the 10-year term, an applicant can renewed the application and reapply for trademark protection.

Under the Trademark Law, any of the following acts may be regarded as an infringement of the exclusive right to use of a registered trademark:

- use of a trademark that is identical with or similar to a registered trademark on the same or similar kind of commodities of the trademark registrant’s without the authorization of the trademark registrant;
- sale of commodities infringing upon the exclusive right to use the registered trademark;
- counterfeiting or making, without authorization, representations of a registered trademark, or sale of such representation of a registered trademark; and
- otherwise infringing upon other person’s exclusive right to use a registered trademark and cause damages.

Violation of the Trademark Law may result in the imposition of fines, confiscation and destruction of the infringing commodities.

Trademark license agreements must be filed with the Trademark Office under the SAIC and Commerce or its regional counterparts. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities.

Regulations on Domain Names

The Measures for the Administration of Domain Names for the Chinese Internet (《中國互聯網絡域名管理辦法》) were promulgated by the Ministry of Industry and Information Technology of the PRC on November 5, 2004 and became effective on December 20, 2004. These measures regulate the registration of domain names in Chinese with the Internet country code of “.cn.”

PRC REGULATORY OVERVIEW

The Measures on Domain Names Dispute Resolution (2012 revision) (《中國互聯網絡信息中心域名爭議解決辦法(2012年修訂)》) were promulgated by the China Internet Network Information Centre on June 28, 2012 and became effective on June 28, 2012. These measures require domain name disputes to be submitted to institutions authorized by the China Internet Network Information Centre for resolution.

LABOR PROTECTION AND SOCIAL INSURANCE

As our operation is mainly based in China, our PRC subsidiaries are required to comply with Chinese labor-related laws and regulations and provide compensation and other benefits to our employees, such as provision of vocational trainings and contribution to social insurance and housing provident funds.

According to the Labor Law of the PRC (《中華人民共和國勞動法》), which was promulgated by NPC on July 5, 1994 and amended on August 27, 2009, an employer shall develop and improve its rules and regulations to safeguard the rights of its workers. An employer shall develop and improve its labor safety and health system, stringently implement national protocols and standards on labor safety and health, conduct labor safety and health education for workers, guard against labor accidents and reduce occupational hazards. Labor safety and health facilities must comply with relevant national standards. An employer must provide workers with the necessary labor protection gear that complies with labor safety and health conditions stipulated under national regulations, as well as provide regular health checks for workers that are engaged in operations with occupational hazards. Laborers engaged in special operations shall have received specialized training and obtained the pertinent qualifications. An employer shall develop a vocational training system. Vocational training funds shall be set aside and used in accordance with national regulations and vocational training for workers shall be carried out systematically based on the actual conditions of the company.

The Law on Labor Contract of the PRC (《中華人民共和國勞動合同法》), which was promulgated by NPC on June 29, 2007 and amended on December 28, 2012, and the Implementation Regulations on Labor Contract Law (《勞動合同法實施條例》) (Order No.535 of the State Council), which was promulgated on 18 September 2008 and became effective since the same day, regulate both parties through a labor contract, namely the employer and the employee, and contain specific provisions involving the terms of the labor contract. It is stipulated under the Law on Labor Contract and the Implementation Regulations on Labor Contract Law that a labor contract must be made in writing. An employer and an employee may enter into a fixed-term labor contract, an un-fixed term labor contract, or a labor contract that concludes upon the completion of certain work assignments, after reaching agreement upon due negotiations. An employer may legally terminate a labor contract and dismiss its employees after reaching agreement upon due negotiations with the employee or by fulfilling the statutory conditions. Pursuant to the Law on Labor Contract, labor contracts concluded prior to the enactment of the said law and subsisting within the validity period of the said law shall continue to be honored. With respect to a circumstance where a labor relationship has already been established but no formal contract has been made, a written labor contracts shall be entered into within one month from the effective date of the Law on Labor Contract law.

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The Employment Promotion Law of the PRC (《中華人民共和國就業促進法》), which became effective on 1 January 2008, requires that individuals have equal employment opportunities, both in hiring and in employment terms, without discrimination on the basis of ethnicity, race, gender, religious belief, communicable disease or rural residence. Under this law, enterprises are also required to provide employees with vocational training. Administrative authorities at the county level or above are responsible for implementing policies to promote employment.

According to the Temporary Regulations on the Collection and Payment of Social Insurance Premium (《社會保險費徵繳暫行條例》), the Regulations on Work Injury Insurance (《工傷保險條例》), the Regulations on Unemployment Insurance (《失業保險條例》) and the Trial Measures on Employee Maternity Insurance of Enterprises (《企業職工生育保險試行辦法》), enterprises in the PRC shall provide benefit plans for their employees, which include basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance. An enterprise must provide social insurance by processing social insurance registration with local social insurance agencies, and shall pay or withhold relevant social insurance premiums for or on behalf of employees. The Law on Social Insurance of the PRC (《中華人民共和國社會保險法》) (No.35 of the President), which was promulgated on October 28, 2010 has consolidated pertinent provisions for basic pension insurance, unemployment insurance, maternity insurance, work injury insurance and basic medical insurance, and has elaborated in detail the legal obligations and liabilities of employers who do not comply with relevant laws and regulations on social insurance.

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》), which was promulgated on April 3, 1999 and amended on March 24, 2002, housing provident fund contributions paid up in deposit by an individual employee and housing provident fund contributions paid up in deposit by his or her employer shall belong to the individual employee.

MAJOR TAXES APPLICABLE TO REAL ESTATE DEVELOPERS

Since our revenue is mainly derived from our operations in China, we are subject to Chinese taxation regimes.

Corporate Income Tax

Prior to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》, “new Enterprise Income Tax Law”) and its implementation rules that became effective on January 1, 2008, our PRC subsidiaries and joint ventures were generally subject to a 33% corporate income tax. Under the new income tax law, effective from January 1, 2008, a unified corporate income tax rate is set at 25% for both domestic enterprises and foreign-invested enterprises, with the exception of those enterprises that enjoyed preferential tax treatment according to laws and regulations before the new Corporate Income Tax Law took effect. However, there will be a five-year transition period for enterprises established before March 16, 2007 and enjoying a preferential income tax rate under the previous tax laws and administrative regulations.

PRC REGULATORY OVERVIEW

Simultaneously, under the new EIT Law and its implementation rules, enterprises established under the laws of foreign jurisdictions with “de facto management body” located in China are treated as “resident enterprises” for PRC tax purposes, and will be subject to PRC income tax on their worldwide income. Under the implementation rules of the new Corporate Income Tax Law, a “de facto management body” is defined as a body that has real and overall management control over the business, personnel, accounts and properties of an enterprise.

In addition, dividends paid by a PRC subsidiary to its foreign shareholder will be subject to a withholding tax at a rate of 10% unless such foreign investor’s jurisdiction of incorporation has a tax treaty with the PRC that provides for a different withholding tax arrangement. According to the tax treaty entered into between the Mainland China and Hong Kong in August 2006, dividends paid by a foreign-invested enterprise in the Mainland China to its shareholders in Hong Kong will be subject to a withholding tax at a rate of 5% if such Hong Kong shareholder directly holds a 25% or more interest in the Mainland China enterprise.

SAT issued the Measures for Handling Corporate Income Tax on Real Estate Development and Operation (《房地產開發經營業務企業所得稅處理辦法》) on March 6, 2009, with retrospective effect from January 1, 2008. The circular provides that the gross profit margin for tax calculation of the sale of uncompleted development product by an enterprise shall be determined by the state taxation bureau and local taxation bureau of each province, autonomous region and municipality directly under the Central Government pursuant to the following stipulations. For development products located in the city proper and suburbs of cities in which the People’s Governments of provinces, autonomous regions, municipalities directly under the Central Government and cities specifically designated in the state plan are located, it shall not be lower than 15%; for development products located in the city proper and suburbs of prefectures or prefecture-level cities, it shall not be lower than 10%; and for development products located in other areas, it shall not be lower than 5%.

On May 12, 2010, SAT issued the Circular on Issues Concerning Conditions for Confirmation of the Completion of Real Estate Development Products (《關於房地產開發企業開發產品完工條件確認問題的通知》), which clarifies the conditions for confirming the completion of real estate development products. According to the circular, regardless of whether the project quality has passed the inspection and acceptance, or whether the completion filing and final accounting procedures have been completed, any real estate development product meeting one of the following conditions shall be deemed as a completed development product: (1) The enterprise starts to process the delivery procedure of the development product (including the check-in procedure); (2) The development product has started to be put into use. The developer shall timely settle the tax costs of the development product, and compute its taxable income of the year.

On January 1, 2008, SAT issued the SAT Circular No. 698, pursuant to which, except for the purchase and sale of equity through a public securities market, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company (an “Indirect Transfer”), and the overseas holding company is located in a tax jurisdiction that has an effective tax rate of less than 12.5% or does not tax foreign income of its residents, the non-resident enterprise, being the transferor, must report such Indirect Transfer to the competent tax authority relating to the PRC resident enterprise. Using a “substance over form” approach, the PRC tax authority may disregard the existence of the overseas holding

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company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such an Indirect Transfer may be subject to PRC tax at a rate of up to 10%. SAT Circular No. 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income in respect of the transaction.

On February 3, 2015, the SAT issued the SAT Circular No. 7, which abolished certain provisions in SAT Circular No. 698 and provided more guidance on a number of issues in the SAT Circular No. 698.

If a non-resident enterprise indirectly transfers assets (including equity interests) in a PRC resident enterprise by entering into arrangements without reasonable commercial purposes but to evade EIT, the nature of this indirect transfer shall be reclassified and recognized as a direct transfer of assets of a PRC resident enterprise. Assets include (i) properties of an establishment or place in the PRC, (ii) real estate in the PRC or (iii) equity investment in a PRC resident enterprise and other assets directly held by such non-resident enterprise and for which the proceeds from the transfer of such assets shall be subject to EIT as specified by the PRC tax laws (collectively the “PRC Taxable Assets”). An indirect transfer of the PRC Taxable Assets refers to transactions with the same or similar substantive results as a direct transfer of the PRC Taxable Assets arising from a transfer by a non-resident enterprise of equity interest or other similar interest in an overseas enterprise (excluding the PRC resident enterprises registered overseas) that directly or indirectly holds the PRC Taxable Assets, including a change in overseas enterprise’s shareholders as a result of reorganization of such non-resident enterprise.

The relevant provisions in SAT Circular No. 7 are not applicable if the overall arrangement regarding the indirect transfer of the PRC Taxable Assets meets any of the following circumstances: (1) such non-resident enterprise obtains income from an indirect transfer of PRC Taxable Assets by acquiring and disposing of the equity interests of the same offshore listed company in a public market (“Public Market Safe Harbor”); or (2) such non-resident enterprise directly holds and transfers the PRC Taxable Assets in accordance with applicable tax treaty or arrangement which exempts the transfer from relevant enterprise income tax in the PRC.

If the above exemptions do not apply, transfers of shares by shareholders which are non-resident enterprises may be re-defined and recognized as a direct transfer of the PRC Taxable Assets if it is determined that such arrangements have no reasonable commercial purposes but to evade the EIT.

SAT Circular No. 7 provides that the overall circumstances of such transfer shall be considered and the following relevant factors shall all be analyzed in determining whether an indirect transfer of the PRC Taxable Assets has a reasonable commercial purpose, which should be determined on a case-by-case basis: (1) whether the main value of the equity of the overseas enterprise is, directly or indirectly, sourced from the PRC Taxable Assets; (2) whether the assets of the overseas enterprise are, directly or indirectly, mainly comprised of investments in the PRC, or whether its income is, directly or indirectly, mainly sourced from the PRC; (3) whether the actual functions performed and risks undertaken by the overseas enterprises and its subsidiaries which, directly or indirectly, hold the PRC Taxable Assets can prove the economic substance of the corporate structure; (4) the existence duration

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of the shareholders, business model and related organizational structure of the overseas enterprise; (5) the information regarding overseas income tax payment for the indirect transfer of the PRC Taxable Assets; (6) whether the indirect investment or indirect transfer of the PRC Taxable Assets by the equity transferor can be substituted by a direct investment or a direct transfer of the PRC Taxable Assets; (7) the information regarding the tax treaties or tax arrangements applicable to the income from indirect transfer of the PRC Taxable Assets; and (8) other relevant factors.

SAT Circular No. 7 also provides that, unless covered by the exemptions stipulated, an indirect transfer shall be directly deemed to have no reasonable commercial purpose if it meets all the following circumstances (“Deemed Negative Determination”): (1) 75% or more of the equity value of the overseas enterprise is, directly or indirectly, derived from the PRC Taxable Assets; (2) at any time within one year before the indirect transfer of the PRC Taxable Assets, 90% or more of the total assets of the overseas enterprise (not including cash) are, directly or indirectly, comprised of investments in PRC, or 90% or more of the overseas enterprise’s income in the year before the indirect transfer of the PRC Taxable Assets is, directly or indirectly, derived from PRC; (3) the overseas enterprise and its subsidiaries which, directly or indirectly, hold the PRC Taxable Assets are incorporated in a country (region) to meet the organizational form as required by law, but actually only perform limited functions and undertake limited risks which are not enough to substantiate their economic substance; and (4) the overseas income tax payable for the indirect transfer of the PRC Taxable Assets outside of the PRC is less than the possible tax burden in the PRC on the direct transfer of the PRC Taxable Assets in the PRC.

SAT Circular No. 7 also provides that an indirect transfer of the PRC Taxable Assets shall be deemed to have reasonable commercial purpose if it meets all the following conditions: (1) parties to the indirect transfer have one of the following equity holding relationships: (a) the transferor, directly or indirectly, holding over 80% equity interest in the transferee; (b) the transferee, directly or indirectly, holding over 80% equity interest in the transferor; or (c) over 80% equity interest in each of the transferee and the transferor is held, directly or indirectly, by the same party. To the extent that the offshore subject company derives directly and indirectly more than 50% of its value from real estate in the PRC, the equity shareholding threshold shall be 100%; for the aforesaid indirect shareholding, the equity interest shall be calculated by multiplying the equity shareholding percentage at each level; (2) The current indirect transfer does not result in a reduction in the PRC income tax payable on the proceeds from subsequent potential indirect transfers of the PRC Taxable Properties; and (3) The transferee pays the consideration for the indirect transfer solely in the form of its equity interest or the equity interest of entities with equity controlling holding relationship (excluding equity interest in publicly listed companies).

Business Tax

Under the Interim Regulations on Business Tax of the PRC (《中華人民共和國營業稅暫行條例》) promulgated by the State Council on December 13, 1993 and revised on November 10, 2008, effective from January 1, 2009, providing labor service in Mainland China is subject to business tax. Taxable services include sale of real estates in Mainland China. Business tax rate is from 3% to 20%, depending on the type of services provided. Sale of real estates and other improvements on the land attracts a business tax at 5% of the turnover of selling such properties, which is payable by the selling enterprise to the relevant local tax authorities.

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Land Appreciation Tax (LAT)

Under the Interim Regulations on Land Appreciation Tax of the PRC (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on December 13, 1993 and effective from January 1, 1994, as well as its implementation rules issued on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the “deductible items” that include the followings:

- Payment made to acquire land use rights;
- Costs and charges incurred in connection with land development;
- Construction costs and charges for newly constructed buildings and facilities, or assessed value for old buildings and facilities;
- Taxes in connection with the transfer of real estates; and
- Other deductible items allowed by Ministry of Finance.

The land appreciation tax shall adopt four levels of progressive tax rates, ranging from 30% to 60% of the appreciation value as follows:

Appreciation value	LAT rate
Portion not exceeding 50% of deductible items	30%
Portion over 50% but not more than 100% of deductible items	40%
Portion over 100% but not more than 200% of deductible items	50%
Portion over 200% of deductible items.....	60%

Exemption from LAT is available to the following cases:

- Taxpayers constructing ordinary residential properties for sale, where the appreciation amount does not exceed 20% of the sum of deductible items;
- Real estates taken over or recovered according to laws due to the construction needs of the State;
- Relocation due to the need of city planning and national construction;
- Due to redeployment of work or improvement of living standard, transfer by individuals of originally self-occupied residential properties after five years or more of self-residence with the approval of the tax authorities.

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SAT issued the Circular on Careful Management of Land Appreciation Tax Collection (《關於認真做好土地增值稅徵收管理工作的通知》) on July 10, 2002 to require local authorities to optimize the withholding methods of LAT. This requirement is restated in the Circular of SAT on Further Strengthening Administration Work in Relation to the Collection of Urban Land Use Tax and Land Appreciation Tax (《國家稅務總局關於進一步加強城鎮土地使用稅和土地增值稅徵收管理工作的通知》) issued on August 5, 2004 by SAT. On December 28, 2006, SAT promulgated the Circular Concerning the Administration of Settlement of Land Appreciation Tax Imposed on Real Estate Developers (《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》), effective from February 1, 2007. Starting from February 1, 2007, real estate developers shall settle the LAT in connection with their real estate development projects with the competent tax bureau at applicable tax rates. LAT shall be settled on the basis of the real estate development projects examined and approved by the relevant authority, and projects developed in phases shall be settled on the basis of the project phase.

LAT must be paid if a project meets any one of the following requirements:

- The real estate development project has been completed and sold out;
- The entire uncompleted and unsettled development project has been transferred; or
- The land use right of the relevant project has been transferred.

In addition, the competent tax authorities may require a real estate developer to settle the LAT in any one of the following circumstances:

- For completed real estate development projects, the transferred GFA represents more than 85% of the total saleable GFA, or if the proportion is less than 85%, the remaining saleable GFA has been leased out or used by the developer;
- The project has not been sold out three years after obtaining the sale or pre-sale permit;
- The developer applies for cancellation of tax registration without having settled the LAT; or
- Other conditions stipulated by the provincial tax authorities.

The provincial tax authorities will, taking into account of the local practical conditions, stipulate specific rules or measures on the management of the LAT settlement as required by the circular.

SAT issued the Circular on the Publication of the Administrative Rules for the Settlement of Land Appreciation Tax (《關於印發<土地增值稅清算管理規程>的通知》) on May 12, 2009, effective from June 1, 2009, which reiterated the above standards and requirements in the circular. On May 19, 2010, SAT issued the Circular on Issues Concerning Settlement of Land Appreciation Tax (《關於土地增值稅清算有關問題的通知》), which clarifies the revenue recognition in the settlement of land appreciation tax and other relevant issues. According to the circular, in the settlement of land appreciation tax, if the sales invoices of commodity housing are issued in full, the revenue shall be recognized based on the amount indicated in the invoices; if sales invoices are not issued or are issued

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in part, the revenue shall be recognized based on the purchase price and other income indicated in the sales contract signed by both parties. If the area of a commodity housing specified in a sales contract is inconsistent with the actual area measured by the relevant authorities and the purchase price has already been made up or returned before the settlement of land appreciation tax, adjustments shall be made in the calculation of land appreciation tax. The circular provides that the deed tax paid by a real estate developer for obtaining land use right shall be treated as the “relevant fees paid in accordance with the uniform regulations of the State” and be deducted as the “amount paid for obtaining land use right”.

On May 25, 2010, SAT published the Circular on Strengthening the Collection and Administration of Land Appreciation Tax (《關於加強土地增值稅徵管工作的通知》) to require all local governments to scientifically formulate the withholding tax rate and strengthen the withholding of land appreciation tax. According to the circular, all local governments shall make adjustments to the current withholding rate. Apart from indemnificatory housing, the withholding rate of provinces in the eastern region shall not be lower than 2%, the provinces in the central and northeastern region shall not be lower than 1.5% and the provinces in western region shall not be lower than 1%. The local governments shall determine the appropriate withholding rates applicable to different types of real estates.

Deed Tax

Under the Interim Regulations on Deed Tax of the PRC (《中華人民共和國契稅暫行條例》) promulgated by the State Council on July 7, 1997 and effective from October 1, 1997, deed tax is chargeable to transferees of land use right and/or ownership of real estates in the PRC. These taxable transfers include:

- Grant of state-owned land use rights;
- Sale, gift and exchange of land use rights; and
- Sale, gift and exchange of buildings.

Deed tax rate is from 3% to 5% subject to determination by local governments at the provincial level in light of the local conditions.

On September 29, 2010, SAT, Ministry of Finance and MOHURD issued the Circular on Adjusting the Preferential Policies on Deed Tax and Individual Income Tax in Real Estate Deals (《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》), effective from October 1, 2010, which provides that where an individual purchases an ordinary house as the sole house for his/her family (family members include the purchaser and his/her spouse and minor children, hereinafter the same) to live in, deed tax thereon shall be reduced by half. Where an individual purchases an ordinary house of 90 sq.m. or less as the sole house for his/her family to live in, the deed tax shall be reduced and levied at the rate of 1%. The tax authority shall inquire about the deed tax payment record of a taxpayer. In respect of individual purchase of an ordinary house that fails to satisfy the above requirements, no preferential tax policies set out above may be enjoyed.

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Urban Land Use Tax

Pursuant to the Interim Regulations on Urban Land Use Tax of the PRC (《中華人民共和國城鎮土地使用稅暫行條例》) promulgated by the State Council on September 27, 1988 and revised on December 31, 2006, the urban land use tax is levied based on the area of the relevant land. As of January 1, 2007, the annual tax on each sq.m. of urban land shall be between RMB0.6 and RMB30.0.

Real Estate Tax

Under the Interim Regulations on Real Estate Tax of the PRC (《中華人民共和國房產稅暫行條例》) promulgated by the State Council on September 15, 1986 and effective from October 1, 1986, the real estate tax is 1.2% if calculated on the basis of the residual value of the real estate and 12% if calculated on the basis of the rental of the real estate.

Stamp Duty

Under the Interim Regulations on Stamp Duty of the PRC (《中華人民共和國印花稅暫行條例》) promulgated by the State Council on August 6, 1988 and effective from October 1, 1988, for transfer instruments of property rights, including those in respect of property ownership transfer, the duty rate is 0.05% of the amount stated therein; for permits and certificates relating to rights, including real estate title certificates and certificates of land use right, stamp duty is levied on an item-by-item basis of RMB5.0 per item.

Urban Maintenance and Construction Tax

Under the Interim Regulations on Urban Maintenance and Construction Tax of the PRC (《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 and amended on January 8, 2011, starting from 1985, any taxpayer of product tax, value-added tax or business tax, whether an enterprise or an individual, is liable for an urban maintenance and construction tax. The tax rate is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area, county or town.

On October 18, 2010, the State Council issued the Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》), which provides that, starting from December 1, 2010, the “Interim Regulations on Urban Maintenance and Construction Tax of the People’s Republic of China” promulgated in 1985 shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on urban maintenance and construction tax promulgated by the State Council and the competent finance and tax authorities under the State Council since 1985 shall also be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners.

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Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated by the State Council on April 28, 1986 and revised on June 7, 1990, August 20, 2005 and January 8, 2011, any taxpayer of value-added tax, business tax or consumption tax, whether an individual or an enterprise, is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Circular of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》).

On October 18, 2010, the State Council issued the Circular on Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals, which provides that, starting from December 1, 2010, the Interim Provisions on Imposition of Education Surcharge promulgated in 1986 shall be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners. Laws, regulations, rules and policies on education surcharge promulgated by the State Council and the competent finance and tax authorities under the State Council since 1986 shall also be applicable to foreign-invested enterprises, foreign enterprises and individual foreigners.

FOREIGN EXCHANGE CONTROL

As the Company, incorporated in the Cayman Islands with limited liabilities, is a foreign investor under Chinese laws, we are subject to foreign currency regulations that are related to capital contribution and repatriation of dividends and other proceeds.

General Regulations

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange control and is not freely convertible into foreign exchange at the time being. SAFE, under the authority of PBOC, is empowered to administer all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to December 31, 1993, a quota system was used for the management of foreign exchange in the PRC. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE before it could convert the Renminbi into foreign currency through the Bank of China or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis.

On December 28, 1993, PBOC, under the authority of the State Council, promulgated the Circular of the People's Bank of China Concerning Further Reform of the Foreign Currency Control System (《中國人民銀行關於進一步改革外匯管理體制的公告》), effective from January 1, 1994 (abolished on August 28, 2009). The circular announced the abolition of the foreign exchange quota system, the implementation of conditional conversion of RMB in current account items, the establishment of the system of settlement and payment of foreign exchange by banks and the unification of the official Renminbi exchange rate and the Renminbi market rate established by swap centers.

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On January 29, 1996, the State Council promulgated the Administrative Regulations on Foreign Exchange of the PRC (《中華人民共和國外匯管理條例》, the “Administrative Regulations on Foreign Exchange”) which became effective from April 1, 1996 and was subsequently amended on January 14, 1997. The Administrative Regulations on Foreign Exchange classifies all international payments and transfers into current account items and capital account items. Current account items are no longer subject to SAFE’s approval while capital account items are still subject to its approval.

On June 20, 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) (the “Settlement Regulations”) which became effective on July 1, 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on the convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

The Administrative Regulations on Foreign Exchange was amended by the State Council on August 1, 2008 and became effective on August 5, 2008. Under the revised Administrative Regulations on Foreign Exchange, the compulsory settlement of foreign exchange is dropped. As long as the foreign exchange income and expenses under the current accounts are based upon real and legal transactions, the foreign exchange income generated from current account transactions may be retained or sold by individuals and entities to financial institutions engaged in foreign currency settlement and sale according to the provisions and terms to be set forth by SAFE. Whether to retain or sell the foreign exchange income generated from capital account transactions to financial institutions engaged in foreign currency settlement and sale is subject to the approval of SAFE or its branches, except otherwise stipulated by the State. Foreign exchange or Renminbi funds for settlement under the capital account must be used in the way as approved by SAFE and its branches, and SAFE and its branches are empowered to supervise the use of the foreign exchange or Renminbi funds for settlement under the capital account and the alterations of the capital accounts.

According to the SAFE Notice 19, for actual needs of business operation, foreign invested enterprises may convert their foreign currency capital into Renminbi at their own discretions. The ratio of the discretionary settlement of foreign currency capital of foreign enterprises is tentatively set at 100%, which is subject to adjustment by SAFE in accordance with the status of international balance of payment. In addition, the foreign currency registered capital of a foreign-invested enterprise that has been settled in Renminbi may only be used for purposes within the business scope approved by the applicable governmental authority and shall not be used for the following purposes: (i) directly or indirectly used for expenditures prohibited by the laws and regulations or beyond the enterprise’s business scope; (ii) directly or indirectly used for securities investments unless otherwise specified by laws and regulations; (iii) directly or indirectly used for providing Renminbi entrusted loans (unless permitted in the business scope), repaying loans between enterprises (including third party cash advance), or repaying bank loans it has obtained and on-lent to third parties; (iv) used to purchase non-self-use real estate, except for foreign invested real estate enterprises. Furthermore, foreign invested enterprises whose main business is investment are allowed to directly settle their foreign currency capital and transfer that amount into the account of the enterprise being invested, provided that the domestic investment project is real and compliant. For an ordinary foreign invested enterprise intending to engage in domestic equity investment using Renminbi settled from foreign currency capital, Circular 19 stipulates that the enterprise being invested shall first complete a

PRC REGULATORY OVERVIEW

domestic reinvestment registration and open a foreign currency settlement account with local foreign exchange authority (bank), after which the investing enterprise may transfer the Renminbi settled (consisting of the actual amount of the investment) to the account opened by the enterprise being invested.

Renminbi Exchange Rate Regulations

On January 1, 1994, the dual exchange rate system for Renminbi was abolished and replaced by a single controlled floating exchange rate system, which was based on market demand and supply. Pursuant to such system, PBOC set and published the daily Renminbi-US dollar exchange rate. Such exchange rate was determined with reference to the transaction price for RMB-US dollar in the inter-bank foreign exchange market on the previous day. PBOC would also, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of the Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On July 21, 2005, PBOC announced that, beginning from July 21, 2005, China will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar only. PBOC will announce the closing price of the Renminbi exchange rate, such as the trading price of US dollar against RMB, in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of Renminbi on the following business day.

Foreign Exchange Registration of Offshore Special Purpose Companies

On October 21, 2005, SAFE issued the Circular on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》, “No. 75 Circular”), which became effective on November 1, 2005. According to the circular, a “special purpose company” refers to an offshore company established or indirectly controlled by a PRC resident for the purpose of carrying out offshore financing with his/her assets or equity interest in a domestic enterprise. Prior to establishing or controlling such a special purpose company, each PRC resident must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

SAFE issued the Circular on Further Improving and Adjusting the Direct Investment Foreign Exchange Administration Policies (《關於進一步改進和調整直接投資外匯管理政策的通知》) on November 19, 2012, effective on December 17, 2012 and amended on May 4, 2015. The circular contains an attachment which made specific provisions on the implementation of various matters, including the foreign exchange registration and alteration of special purpose company, establishment of special purpose company and merger and acquisition of domestic enterprises, as well as foreign exchange registration of newly-established foreign-invested enterprises and merger and acquisition of domestic enterprises by foreign-invested enterprises.

PRC REGULATORY OVERVIEW

On July 4, 2014, SAFE issued the Circular on Issues Relating to the Administration of Foreign Exchange in Overseas Investment, Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》, “No. 37 Circular”) to further simplify and facilitate the cross-border capital transactions involved in the investment and financing activities carried out by domestic residents through special purpose companies, which became effective on the date of promulgation. According to the No. 37 Circular, a “special purpose company” refers to an offshore company that are directly established or indirectly controlled for the purpose of investment and financing by Mainland China residents (including Mainland China institutions and Mainland China individuals) with their legitimate holdings of the assets or interests in Mainland China enterprises, or their legitimate holdings of overseas assets or interests. Prior to making contribution to a special purpose company with legitimate holdings of domestic or overseas assets or interests, a Mainland China resident shall apply to the relevant local SAFE branch for foreign exchange registration of overseas investment. The No. 75 Circular was repealed on the effective date of the No. 37 Circular.

On February 13, 2015, SAFE issued the Circular on Issues Relating to the Policies of the Foreign Exchange Administration in Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》, “No. 13 Circular”), which came into effect on June 1, 2015, to further simplify the procedures of foreign exchange administration applicable to direct investment. According to the No. 13 Circular, banks shall directly examine and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment including the foreign exchange registration under the No. 37 Circular.

Special Foreign Exchange Regulations on Real Estate Enterprises

On September 1, 2006, SAFE and Ministry of Construction jointly issued the Circular on Regulating Issues Relevant to Administration of Foreign Exchange in the Real Estate Market (《關於規範房地產市場外匯管理有關問題的通知》) (amended on May 4, 2015). The circular provides that:

- where a FIREE fails to obtain a state-owned land use right certificate or to make its capital fund for a development project reach 35% of the total investment to the project, the foreign exchange bureau shall not register the foreign debt or approve the settlement of foreign debt;
- where a foreign institution or individual acquires a domestic real estate enterprise but fails to pay the transfer price in a lump sum with its (his) own fund, the foreign exchange bureau shall not register the foreign exchange income from the transfer of equities;
- the domestic and foreign investors of a FIREE shall not reach an agreement including any clauses which promise a fixed return or fixed revenue in any disguised form to any party, otherwise the foreign exchange bureau will not handle the foreign exchange registration or registration alteration for the foreign-invested enterprise; and

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- the funds in the foreign exchange account exclusive for foreign investors opened by a foreign institution or individual in a domestic bank shall not be used for real estate development or operation. The circular also provides for the foreign exchange handling process related to the purchase and sale of commodity houses in the PRC by branches of overseas institutions established in the PRC, overseas individuals, Hong Kong, Macao or Taiwan residents and overseas Chinese.

FOREIGN INVESTMENT AND ACQUISITION

As the Company, incorporated in the Cayman Islands with limited liabilities, is a foreign investor under Chinese laws, all of its PRC subsidiaries are foreign-invested enterprises. We are therefore subject to laws and regulations relating to foreign investment in China.

According to the Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) which became effective on September 8, 2006 and amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity interests of a domestic enterprise or subscribes to the increased capital of a domestic enterprises in order to convert the domestic enterprise into a foreign-invested enterprise; or (ii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets, or purchases the assets of a domestic enterprise and invests such assets to establish a foreign-invested enterprise. Furthermore, under the M&A Provisions, foreign acquisitions under specified circumstances shall be subject to the approval of MOFCOM, rather than local commercial authorities and such requirement shall not be evaded by domestic investment of a foreign-invested enterprise or by any other means.

DIVIDEND DISTRIBUTION

According to the Company Law of the PRC (《中華人民共和國公司法》), the Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (《中華人民共和國中外合資經營企業法》) and its Implementing Regulations, sino-foreign equity joint venture enterprises, or EJV, in China may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. After making up for any deficit in prior years pursuant to the PRC laws, an EJV in China is required to set aside each year as general reserves at least 10% of its after-tax profit, determined in accordance with PRC accounting standards and regulations, until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves are not distributable as cash dividends.

The shareholders of an EJV may, in their discretion, allocate a portion of the enterprise's after-tax profit to such enterprise's staff welfare and bonus funds. EJV, that are in deficit or liquidation may not distribute dividends.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Overview

Our Company was incorporated in the Cayman Islands on September 11, 2014 and became the holding company of our subsidiaries as a part of the Reorganization. We are a property developer in the PRC, focusing on the development of residential properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities. Fujian Rongshengmei is the onshore holding company of our Group and we have established a number of intermediate holding and operating subsidiaries in the PRC.

Our History and Key Business Milestones

Mr. Ou, the founder of our Group, our Chairman, executive Director and Chief Executive Officer, established Putian Transport Engineering in 1995, by which he started engaging in the business of infrastructure and property construction engineering. In 2000, Mr. Ou founded Putian Transport and Property Development Company Limited (“Putian Transport and Property”) (莆田市交通房地產開發有限公司) where he began his involvement in the property development business. For more details of Mr. Ou’s biography, please see the section headed “Directors and Senior Management—Board of Directors—Executive Directors.”

As Mr. Ou foresaw that the business focus would shift from Putian, Fujian province to Fuzhou, Fujian province and that a new platform was needed, both Putian Transport Engineering and Putian Transport and Property have ceased to be in operation since 2008. With a view to focusing on the development of commercial and residential properties in Fuzhou, Fujian province, in 2003, Mr. Ou established Rongxin Group (formerly known as Fujian Rongxin Property Development Company Limited (福建融信房地產開發有限公司)), with his personal funds to engage in residential property development projects. Our first project was Rongxin Super Star City (融信•第一城) in Fuzhou, Fujian province. Since then, our Group has been primarily engaged in the development of residential properties and promoting our “Rongxin” brand.

In 2010, we expanded our property development operations from Fuzhou, Fujian province to Zhangzhou, Fujian province. In 2012, we further expanded our operations to Xiamen, Fujian province and following that, in 2013, we established our presence in Shanghai and Hangzhou, Zhejiang province.

As of October 31, 2015, we had 21 property development projects in Fujian province and neighboring provinces in Eastern China. As of the same date, we had 12 projects we jointly controlled with other property developers and one project we operated with another property developer in which we had no control in the same region.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

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

Year	Milestone event
2003	- Rongxin Group was established in Fuzhou, Fujian province. - We started to acquire land in Fuzhou, Fujian province.
2004	We commenced the development of Rongxin Super Star City (融信•第一城), in Fuzhou, Fujian province, our first property development project.
2006	- Shiou Property, our joint venture with Zhenro Group Company Limited (正榮集團有限公司) ("Zhenro Group"), was established to engage in the development of Beyond City (世歐彼岸城) in Fuzhou, Fujian province. - We completed the development of Rongxin Super Star City Phase I.
2009	Shiou Investment successfully bid on a land grant contract for Lan Hill (世歐瀾山) in Fuzhou, Fujian province.
2010	- We expanded our business operations to Zhangzhou, Fujian province and successfully acquired a land grant contract for Lan Garden (融信•瀾園), our first property development project in Zhangzhou, Fujian province. - Shiou Investment successfully bid on a land grant contract for Show Kingdom (世歐王莊) in Fuzhou, Fujian province.
2011	We were awarded for the first time as one of China Top 100 Real Estate Developers (中國房地產百強企業) by the Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院).
2012	We expanded our business operations to Xiamen, Fujian province, and successfully bid on a land grant contract for Ocean City (融信•海上城), our first property development project in Xiamen, Fujian province.
2013	- We made the strategic decision to expand our business operations outside Fujian province and established our presence in Shanghai and Hangzhou, the capital and the largest city in Zhejiang province, and successfully bid on various land grant contracts for Imperial Villa (融信•鉅灣), our first property development project in Shanghai and Blue Peacock Phase I and Phase II (杭州藍孔雀一期及二期), our first property development project in Hangzhou, Zhejiang province. - We were awarded "2013 China's Top 50 Real Estate Developers" (Rank No.46) (2013 中國房地產開發企業50強(第46名)) by China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心).

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Year	Milestone event
2014	- We were awarded “2014 China’s Top 50 Real Estate Developers” (Rank No. 37) (2014 中國房地產開發企業50強 (第37名)) by China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心). - We were also awarded “2014 China’s Best Employers” (2014 中國最佳僱主企業). - We successfully bid on a land grant contract for Hangzhou Mansion project (杭州公館).
2015	- We were awarded “2015 China’s Top 50 Real Estate Developers” (Rank No. 33) (2015中國房地產開發企業50強(第33名)) by China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心). - We were also awarded “2015 Fujian’s Top 20 Real Estate Development Enterprises” (Rank No. 1) (2015年中國房地產開發企業福建省20強(第1名)) by China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心).

Our Major Subsidiaries, Joint Ventures and Associated Company

We generally establish a subsidiary or a joint venture when we develop a new project, which we believe is necessary for our financing arrangement. Set forth below are certain details of our major PRC subsidiaries, joint ventures and associated company as of the Latest Practicable Date:

	Company name	Date of establishment/commencement of business	Registered capital as of the Latest Practicable Date	Principal business activities	Property development projects	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
Our Major Subsidiaries						
FUZHOU, FUJIAN PROVINCE						
1	Rongxin Group	September 23, 2003	RMB3 billion	Construction and property development	Rongxin Super Star City (融信•第一城) Rongxin Spanish (融信•西班牙) David City (融信•大衛城) ⁽¹⁾ Broad View (融信•寬域)	Fuzhou Yiheng (100%)
2	Fuzhou Investment	June 7, 2011	RMB100 million	Construction and property development	Lan County (融信•瀾郡) ⁽¹⁾	Rongxin Group (100%)

HISTORY, REORGANIZATION AND GROUP STRUCTURE

	Company name	Date of establishment/ commencement of business	Registered capital as of the Latest Practicable Date	Principal business activities	Property development projects	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
3	Fuzhou Property	December 24, 2012	RMB166.67 million	Construction and property development	The White House (融信•白宮)	Rongxin Group (91.00%) Shifeng (Fujian) Investment Co., Ltd. ⁽²⁾⁽³⁾ (“Shifeng Investment”) (9.00%)
4	Pingtán Investment	January 28, 2013	RMB196.08 million	Construction and property development	Pingtán David City (融信•(平潭)大衛城)	Rongxin Group (51.00%) Fujian Ou Construction Development Company Limited (“Fujian Ou Construction”) (49.00%)
5	Fujian Property	September 4, 2013	RMB100 million	Construction and property development	The Coast (融信•後海)	Rongxin Group (66.00%) Fujian Ouke Investment Co., Ltd. (“Fujian Ouke”) (34.00%)
6	Fuzhou Shuanghang Investment	January 13, 2014	RMB100 million	Construction and property development	The Twin Harbor City (融信•雙杭城)	Rongxin Group (51.00%) Shenzhen Pingan Dahua Huitong Wealth Management Co., Ltd. ⁽²⁾ (“Pingan Wealth Management”) (49.00%)
7.	Changle Rongxin Investment	June 24, 2014	RMB100 million	Construction and property development	The Long Island (長樂•長島)	Rongxin Group (100.00%)
SHANGHAI						
8	Hemei Shanghai Property	May 20, 2013	RMB19.61 million	Construction and property development	Imperial Villa (融信•鉅灣)	Rongxin Group (51.00%) Fujian Ou Construction (49.00%)
HANGZHOU, ZHEJIANG PROVINCE						
9	Hangzhou Kaizhu	October 23, 2013	RMB510 million	Construction and property development	Blue Peacock Phase I (融信•藍孔雀一期) Blue Peacock Phase II (融信•藍孔雀二期)	Hemei Shanghai Property (10.00%) Tianhong Asset Management ⁽⁴⁾ (90.00%)
10	Hangzhou Kaisheng	February 20, 2014	RMB1 billion	Construction and property development	Hangzhou Mansion (杭州公館)	Rongxin Group (100%)
ZHANGZHOU, FUJIAN PROVINCE						
11	Lanhu Property	April 25, 2011	RMB110 million	Construction and property development	Festival City (融信•觀山海)	Rongxin Group (51.00%) Zhongrong International Trust Co., Ltd. ⁽²⁾ (“Zhongrong International Trust”) (49.00%)
12	Rongxin Zhangzhou Property	January 18, 2010	RMB260 million	Construction and property development	Lan Garden (融信•瀾園) Future City (融信•未來城)	Rongxin Group (100%)

HISTORY, REORGANIZATION AND GROUP STRUCTURE

	Company name	Date of establishment/ commencement of business	Registered capital as of the Latest Practicable Date	Principal business activities	Property development projects	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
13	Hemei Zhangzhou Property	January 28, 2014	RMB50 million	Construction and property development	College City (學院名築) Zhangzhou Harbor B8 Lot (漳州港B8)	Rongxin Group (51.00%) Zhongrong International Trust ⁽²⁾ (49.00%)

XIAMEN, FUJIAN PROVINCE

14	Xiamen Property	October 12, 2012	RMB200 million	Construction and property development	Ocean City (融信•海上城)	Rongxin Group (51.00%) Shanghai Goldstate Brilliance Asset Management Co., Ltd. ⁽²⁾ (“Shanghai Goldstate”) (49.00%)

Our Joint Ventures⁽⁴⁾

(i) Joint Ventures with Zhenro Group⁽⁵⁾

FUZHOU, FUJIAN PROVINCE

1	Shiou Property	January 18, 2006	RMB129.6 million	Construction and property development	Beyond City (世歐彼岸城) ⁽⁶⁾ Riverside City (世歐上江城)	Rongxin Group (50.00%) Zhenro Group (50.00%)
2	Fuzhou Shiou Investment	May 4, 2010	RMB100 million	Construction and property development	Lan Hill (世歐瀾山)	Shiou Property (100%)
3	Fujian Shiou Investment	May 28, 2010	RMB500 million	Construction and property development	Show Kingdom (世歐王莊)	Shiou Property (100%)
4	Fujian Shiou Business Administration	April 29, 2011	RMB5 million	Management of shopping malls	N.A.	Shiou Property (100%)
5	Shiou Property Management	April 29, 2011	RMB5 million	Property Management	N.A.	Shiou Property (100%)

(ii) Joint Venture with Binjiang Property Development Company Limited (福州濱江房地產開發有限公司) (“Binjiang Property”)⁽⁷⁾

FUZHOU, FUJIAN PROVINCE

1	Liboshuntai Property	October 16, 2012	RMB50 million	Construction and property development	West Coast (融信•陽光城西海岸)	Rongxin Group (50.00%) Binjiang Property (50.00%)

(iii) Joint Ventures with Greenland Property Group Company Limited (綠地地產集團有限公司) (“Greenland Group”)⁽⁸⁾

SHANGHAI

1	Shanghai Kaitai	September 3, 2013	RMB2.01 billion	Construction and property development	Shanghai Xujing Project (徐涇鎮會展中心3地塊一期、二期、三期、四期)	Fujian Taikun (50.00%) Greenland Group (50.00%)

HISTORY, REORGANIZATION AND GROUP STRUCTURE

	Company name	Date of establishment/ commencement of business	Registered capital as of the Latest Practicable Date	Principal business activities	Property development projects	Shareholder(s) as of the Latest Practicable Date (Shareholding percentage)
2	Shanghai Kaiyu	April 2, 2014	RMB5 million	Construction and property development	Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402 單元41-02地塊)	Rongxin Group (50.00%) Greenland Group (50.00%)
3	Shanghai Kairi	April 2, 2014	RMB5 million	Construction and property development	Shanghai Huacao Lot II (閔行區華漕鎮MHPO-1402 單元35-01地塊)	Rongxin Group (50.00%) Greenland Group (50.00%)
4	Shanghai Kaichong	April 2, 2014	RMB10 million	Construction and property development	Shanghai Huacao Lot III (閔行區華漕鎮MHPO-1402 單元36-01地塊)	Rongxin Group (25.00%) Greenland Group (25.00%) Shanghai Mingbang Investment Development Co., Ltd ("Shanghai Mingbang") (50.00%)
5	Shanghai Kaichang	April 2, 2014	RMB5 million	Construction and property development	Shanghai Huacao Lot IV (閔行區華漕鎮MHPO-1402 單元42-01地塊)	Rongxin Group (50.00%) Greenland Group (50.00%)
6	Shanghai Kaidai	October 18, 2013	RMB715 million	Construction and property development	French Legend (融信•法蘭西世家一期、 二期、三期)	Rongxin Group (50.00%) Greenland Group (50.00%)

(iv) Joint Venture with Xiamen Haitou Property Development Co., Ltd (廈門海投房地產有限公司) ("Xiamen Haitou Property")⁽⁹⁾

ZHANGZHOU, FUJIAN PROVINCE

1	Hairong (Zhangzhou) Property Development Co., Ltd.	February 11, 2014	RMB60 million	Construction and property management	Imperial Land (一品江山)	Rongxin Group (50.00%) Xiamen Haitou Property (50.00%)

Our Associated Company

ZHANGZHOU, FUJIAN PROVINCE

1	Zhangzhou City Wankebinjiang Property Co., Ltd. ("Zhangzhou Vanke")	June 15, 2015	RMB500 million	Construction and property development	Zhangzhou Wanke City	Shenzhen Vanke Property Co., Ltd. ("Shenzhen Vanke") (40.00%) Xiamen Property (20.00%) Fujian Shangwei Investment Co., Ltd. ("Fujian Shangwei") (20.00%) Xiamen Hengxing Property Co., Ltd. ("Xiamen Hengxing") (10.00%) Xiamen Baotuo Resources Co., Ltd. ("Xiamen Baotuo") (5.00%) Xiamen Ruijie Xinghao Investment Co., Ltd. ("Xiamen Ruijie") (5.00%)

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Notes:

- (1) Property projects which have substantially contributed to our Group's revenue during the Track Record Period.
- (2) The equity interest was transferred pursuant to trust financing arrangements, whereby the trust companies are obliged under the terms of the relevant trust financing agreements to transfer back to us such equity interest in the project companies upon our repayment of the agreed amounts, comprising the principal and the fixed income return. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over the project companies, those project companies with such trust financing arrangements are treated for accounting purpose as subsidiaries of our Company. Please see the section headed "—Trust Financing Arrangements" below for further details.
- (3) Shifeng Investment is an independent third party.
- (4) For details of contribution of the joint ventures to our Group's results during the Track Record Period, please see the section headed "Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Share of Profits of Investments Accounted for Using the Equity Method, net."
- (5) Zhenro Group is a joint venture partner and a connected person of our Group, which is a company owned as to 91.9% by Mr. Ou Zongrong (a brother of Mr. Ou) and 8.1% by Mr. Ou Guoqiang (son of Mr. Ou Zongrong). Zhenro Group is a property developer in the PRC, focusing on the development of city complexes. We understand that Zhenro Group is currently developing projects located in 12 cities, of which two (Fuzhou and Shanghai) overlap with those of our Group (including Shiou Group).
- (6) Beyond City was one of the projects developed by Shiou Group, in which we hold a 50% equity interest. By agreement with our joint venture partner, we hold a 40% attributable interest in this project.
- (7) Binjiang Property is a joint venture partner and an independent third party.
- (8) Greenland Group is a joint venture partner and an independent third party.
- (9) Xiamen Haitou Property is a joint venture partner and an independent third party.

OUR CORPORATE DEVELOPMENT

As of the Latest Practicable Date, our Group had either established or acquired a number of operating subsidiaries in the PRC to carry out our businesses. Major shareholding changes of members of our Group which were material to the performance of our Group during the Track Record Period are set out below.

Rongxin Group

The origins of our Group trace back to the establishment of Rongxin Group by Mr. Ou in 2003. Rongxin Group is one of the principal PRC operating subsidiaries of our Company and was the onshore holding company of our Group prior to the implementation of the Reorganization. It is also the project company for a number of our property development projects in Fuzhou, Fujian province. Rongxin Group was established on September 23, 2003 (which was then known as Fujian Rongxin Real Estate Development Company Limited (福建融信房地產開發有限公司)) with a registered capital of RMB50,000,000 and was owned by Mr. Ou and Ms. Xu Lixiang (許麗香)(the wife of Mr. Ou) as to 98.80% and 1.20%, respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

On October 19, 2003, after the transfer of 3.80% of the equity interest in Rongxin Group by Mr. Ou to Ms. Xu Lixiang at a consideration of RMB4,150,000, which was determined with reference to the then registered capital of Rongxin Group, and the two capital increases in October 2003 and June 2004, the registered capital of Rongxin Group was increased from RMB50,000,000 to RMB140,000,000 and was owned by Mr. Ou and Ms. Xu Lixiang as to 95.00% and 5.00%, respectively.

As a result of several subsequent capital increases and equity transfers from April 2006 to January 2008, the registered capital of Rongxin Group was increased from RMB140,000,000 to RMB340,000,000 and was owned by Mr. Ou and Ms. Xu Lixiang as to 96.76% and 3.24%, respectively.

In July 2009, Rongxin Group was renamed as Rongxin (Fujian) Investment Group Company Limited (融信(福建)投資集團有限公司).

To raise capital for funding its future growth and expansion, through a trust financing arrangement, the registered capital of Rongxin Group was further increased from RMB340,000,000 to RMB666,670,000 in September 2011 by the injection of additional capital of RMB493,600,000 by Minmetals International Trust Co. Ltd. (五礦國際信託有限公司) (“Minmetals International Trust”) (the trust financing provider and an independent third party), of which RMB326,670,000 was credited to the registered capital of Rongxin Group. Rongxin Group then became owned by Mr. Ou, Minmetals International Trust and Ms. Xu Lixiang as to approximately 49.35%, 49.00% and 1.65%, respectively.

In September 2012, pursuant to the return of the transferred equity interest under the abovementioned trust financing arrangement, Minmetals International Trust transferred its entire equity interests in Rongxin Group to Dingcheng Investment (a company established in the PRC and wholly owned by Mr. Ou) at a consideration of RMB493,600,000, which was determined based on the initial capital contribution by Minmetals International Trust and was fully paid on September 11, 2012. After such equity transfer, Rongxin Group was owned by Mr. Ou, Dingcheng Investment and Ms. Xu Lixiang as to approximately 49.35%, 49.00% and 1.65%, respectively.

As part of the Reorganization, after a series of transfers of equity interest in Rongxin Group and capital injection by Fuzhou Yiheng, Rongxin Group has become a wholly owned subsidiary of Fuzhou Yiheng, please see the section headed “—The Reorganization” below for further details.

Fuzhou Investment

Fuzhou Investment is the project company for our property development project Lan County (融信•瀾郡) in Fuzhou, Fujian province. Fuzhou Investment was established in the PRC on June 7, 2011 with a registered capital of RMB10,000,000, which was fully paid up at the time of its establishment, and was wholly owned by Rongxin Group. After two capital increases in September and December 2011 by Rongxin Group, the registered capital of Fuzhou Investment was increased from RMB10,000,000 to RMB100,000,000.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

In April 2013, to raise capital for funding its future growth and expansion, through a trust financing arrangement, Rongxin Group transferred 49.00% equity interests in Fuzhou Investment to Shenzhen Shangheng Dongxin Investment Enterprise (Limited Partnership) (深圳市尚衡東信投資企業(有限合夥)) (“Shangheng Dongxin”) (the trust financing provider and an independent third party) at a nominal consideration of RMB1.00. After such equity transfer, Fuzhou Investment became owned by Rongxin Group and Shangheng Dongxin as to 51.00% and 49.00%, respectively.

For details of the trust financing arrangements referred to in the above, please see the section headed “—Trust Financing Arrangements” below and the section headed “Financial Information—Liquidity and Capital Resources—Trust and other borrowings.”

Rongxin Zhangzhou Property

Rongxin Zhangzhou Property is the project company for two of our property development projects in Zhangzhou, Fujian province, namely Lan Garden (融信•瀾園) and Future City (融信•未來城). Rongxin Zhangzhou Property was established in the PRC on January 18, 2010 with a registered capital of RMB10,000,000, and was owned by Mr. Sun Shaofeng (孫少鋒) (an independent third party) and Rongxin Group as to 51.00% and 49.00%, respectively.

In January 2011, as one of the steps to transform Rongxin Zhangzhou Property into a wholly owned subsidiary of Rongxin Group, Rongxin Group and Mr. Lin Yudan (林玉淡) (an independent third party) acquired from Mr. Sun Shaofeng 49.00% and 2.00% equity interest in Rongxin Zhangzhou Property at a consideration of RMB49,000,000 and RMB200,000, respectively. The considerations of such acquisitions were determined based on the then registered capital of Rongxin Zhangzhou Property. As a result of such acquisitions, Rongxin Zhangzhou Property became owned by Rongxin Group and Mr. Lin Yudan as to 98.00% and 2.00%, respectively.

In February 2011, the registered capital of Rongxin Zhangzhou Property was increased from RMB10,000,000 to RMB260,000,000 by the injection of additional capital by Rongxin Group and Mr. Lin Yudan in proportion to their respective equity interest therein. In April 2011, as a further step to transform Rongxin Zhangzhou Property into a wholly owned subsidiary of Rongxin Group, Rongxin Group acquired from Mr. Lin Yudan 2.00% equity interest in Rongxin Zhangzhou Property at a consideration of RMB5,200,000, which was determined based on the then registered capital of Rongxin Zhangzhou Property. After such acquisition, Rongxin Zhangzhou Property became wholly owned by Rongxin Group.

Fujian Taikun

Fujian Taikun was established in the PRC on May 2, 2013 with a registered capital of RMB5,000,000, which was fully paid up at the time of its establishment and was wholly owned by Mr. Chen Yihui (陳毅輝), an independent third party and currently an employee of our Group. As a strategy of Rongxin Group to bid for the relevant land parcel under the name of a third party instead of that of Rongxin Group with an aim to attracting less competition relating to the bidding, Rongxin Group entrusted Mr. Chen Yihui to establish Fujian Taikun with his personal funds who held the equity interest therein for the interest of Rongxin Group for participation in the relevant land bidding. Since we are a well-known property developer in Fujian province, we believe that bidding the land parcel

HISTORY, REORGANIZATION AND GROUP STRUCTURE

through a third party who has never engaged in property development would attract less attention from our competitors and would prevent our competitors from conducting research on our Group and to develop strategic plan against our Group in the bidding. Mr. Chen Yihui has agreed to enter into the above arrangement as an assistance offered to our Group because of his amicable relationship with Mr. Ou and that the arrangement would only last for a very short period of time. He did not derive any economic benefits from our Group under the above arrangement. As advised by our PRC legal advisors, Fujian Taikun satisfied the eligibility requirements for a bidder under the land grant contract, the land use rights certificate and the land grant terms issued by Shanghai Municipal Administration of Planning and Land Resources in relation to the relevant land parcel. As further advised by our PRC legal advisors, the transfer of equity interest in Fujian Taikun from Mr. Chen Yihui to our Group will not affect the above eligibility of Fujian Taikun as a bidder for the relevant land parcel. Therefore, the obtaining of land parcel through the above arrangement is in compliance with land bidding procedures and the relevant laws and regulations in the PRC.

In June 2013, Mr. Chen Yihui transferred all of his equity interest in Fujian Taikun to Rongxin Group at a consideration of RMB5,000,000 which was determined based on the then registered capital of Fujian Taikun. After such equity transfer, Fujian Taikun became wholly owned by Rongxin Group. Fujian Taikun is the holding company of Shanghai Kaitai, one of our joint venture companies with Greenland Group.

Pingtang Investment

Pingtang Investment is the project company for our property development project Pingtan David City (融信•(平潭)大衛城) in Pingtan Comprehensive Experimental Zone (平潭綜合實驗區), Fujian province. Pingtan Investment was established in the PRC on January 28, 2013 with a registered capital of RMB10,000,000, which was fully paid up at the time of its establishment, and was wholly owned by Rongxin Group. In May 2013, its registered capital was increased from RMB10,000,000 to RMB100,000,000.

In June 2015, the registered capital of Pingtan Investment was further increased from RMB 100,000,000 to RMB196,078,431 by the injection of an amount of RMB612,000,000 by Fujian Ou Construction, a company owned as to 39.1% by Mr. Ou Zongjin (a brother of Mr. Ou) and 60.9% by Mr. Ou Guoren and Mr. Ou Guoyi (both the sons of Mr. Ou Zongjin) as part of a strategic cooperation between our Group and Fujian Ou Construction. An amount of RMB96,078,431 was paid toward the registered capital, representing 49% of the paid-up registered capital as enlarged. The balance of the amount, of RMB515,921,569, was credited to the capital reserve of Pingtan Investment. After completion of such capital injection on June 11, 2015, Pingtan Investment was owned by Rongxin Group and Fujian Ou Construction as to 51.00% and 49.00%, respectively.

Lanhu Property

Lanhu Property is the project company for our property development project Festival City (融信•觀山海) in Zhangzhou, Fujian province. Lanhu Property was established in the PRC on April 25, 2011 with a registered capital of RMB 100,000,000, and was owned by Mr. Yang Yiqian (楊逸謙), Mr. Lin Huinan (林惠南) and Mr. Qin Binghui (覃炳輝), each being an independent third party, as to 40.00%, 30.00% and 30.00%, respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

On March 4, 2013, in view of our intention to acquire Lanhu Property for development purpose, Rongxin Group acquired from Mr. Yang Yiqian, Mr. Lin Huinan and Mr. Qin Binghui the entire equity interest in Lanhu Property at a total consideration of RMB173,080,000. Such consideration was determined based on the then registered capital of Lanhu Property and after arm's length negotiations of the parties involved. Following completion of such equity transfers, Lanhu Property became a wholly owned subsidiary of Rongxin Group.

Hemei Shanghai Property

Hemei Shanghai Property is the project company for our property development project Imperial Villa (融信•铂灣) in Shanghai. Hemei Shanghai Property was established in the PRC on May 20, 2013 with a registered capital of RMB10,000,000, which was fully paid up at the time of its establishment, and was wholly owned by Rongxin Group.

In May 2015, the registered capital of Hemei Shanghai Property was increased from RMB 10,000,000 to RMB19,607,843 by the injection of an amount of RMB601,000,000 by Fujian Ou Construction as part of the strategic cooperation between our Group and Fujian Ou Construction. In July 2015, Fujian Ou Construction further injected an amount of RMB435,000,000 in Hemei Shanghai Property pursuant to a supplemental strategic cooperation agreement entered into by Rongxin Group and Fujian Ou Construction. As a result of the two capital injections, an amount of RMB1,026,392,157 was credited to the capital reserve of Hemei Shanghai Property. After the completion of the two capital injections on May 29, 2015 and July 27, 2015, respectively, Hemei Shanghai Property was owned by Rongxin Group and Fujian Ou Construction as to 51.00% and 49.00%, respectively.

OUR JOINT VENTURES AND ASSOCIATED COMPANY

We had entered into various agreements with other property developers to conduct property development. As of October 31, 2015, we had 12 projects we jointly controlled with other property developers and one project we operated with another property developer in which we had no control in Fujian province and neighboring provinces in Eastern China. As of the Latest Practicable Date, we had arrangements with various partners, namely Zhenro Group, Binjiang Property, Greenland Group, Xiamen Haitou Property, Shenzhen Vanke, Fujian Shangwei, Xiamen Hengxin, Xiamen Baotuo, and

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Xiamen Ruijie. Our involvement in the joint ventures and associated company's operations varies from one case to another. Set forth below are certain details of the arrangements we have with our partners:

<u>Our partner(s)</u>	<u>Company name</u>	<u>Board majority (Our seats: our partner's seats)</u>	<u>Day-to-day management</u>
Our Joint Ventures			
Zhenro Group	Shiou Property	Yes (3:2)	Yes; we appointed two employees to serve as the general manager and the senior manager of the Finance Department
	Fuzhou Shiou Investment	Yes (3:2)	Yes; we appointed two employees to serve as the general manager and the senior manager of the Finance Department
	Fujian Shiou Investment	Yes (3:2)	Yes; we appointed two employees to serve as the general manager and the senior manager of the Finance Department
	Fujian Shiou Business Administration	No (0:1)	No
	Shiou Property Management	No (0:1)	No
Binjiang Property	Liboshuntai Property	No (2:3)	Yes; we appointed two employees to be responsible for Finance Department and the Purchasing Cost Department

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Our partner(s)	Company name	Board majority (Our seats: our partner's seats)	Day-to-day management
Greenland Group	Shanghai Kaitai	No (2:3)	No
	Shanghai Kaiyu	Yes (3:2)	No
	Shanghai Kairi	Yes (3:2)	No
	Shanghai Kaichong	No (2:3)	No
	Shanghai Kaichang	Yes (3:2)	No
	Shanghai Kaidai	No (2:3)	No
Xiamen Haitou Property	Hairong (Zhangzhou) Property Development Co., Ltd.	No (2:3)	Yes; we appointed two directors of this joint venture company to serve as the general manager and the deputy general manager and we also appointed three employees to serve as the deputy general managers and the deputy supervisor of the Finance Department
Our Associated Company			
Shenzhen Vanke	Zhangzhou Vanke	No (1:4)	No
Fujian Shangwei			
Xiamen Hengxing			
Xiamen Baotuo			
Xiamen Ruijie			

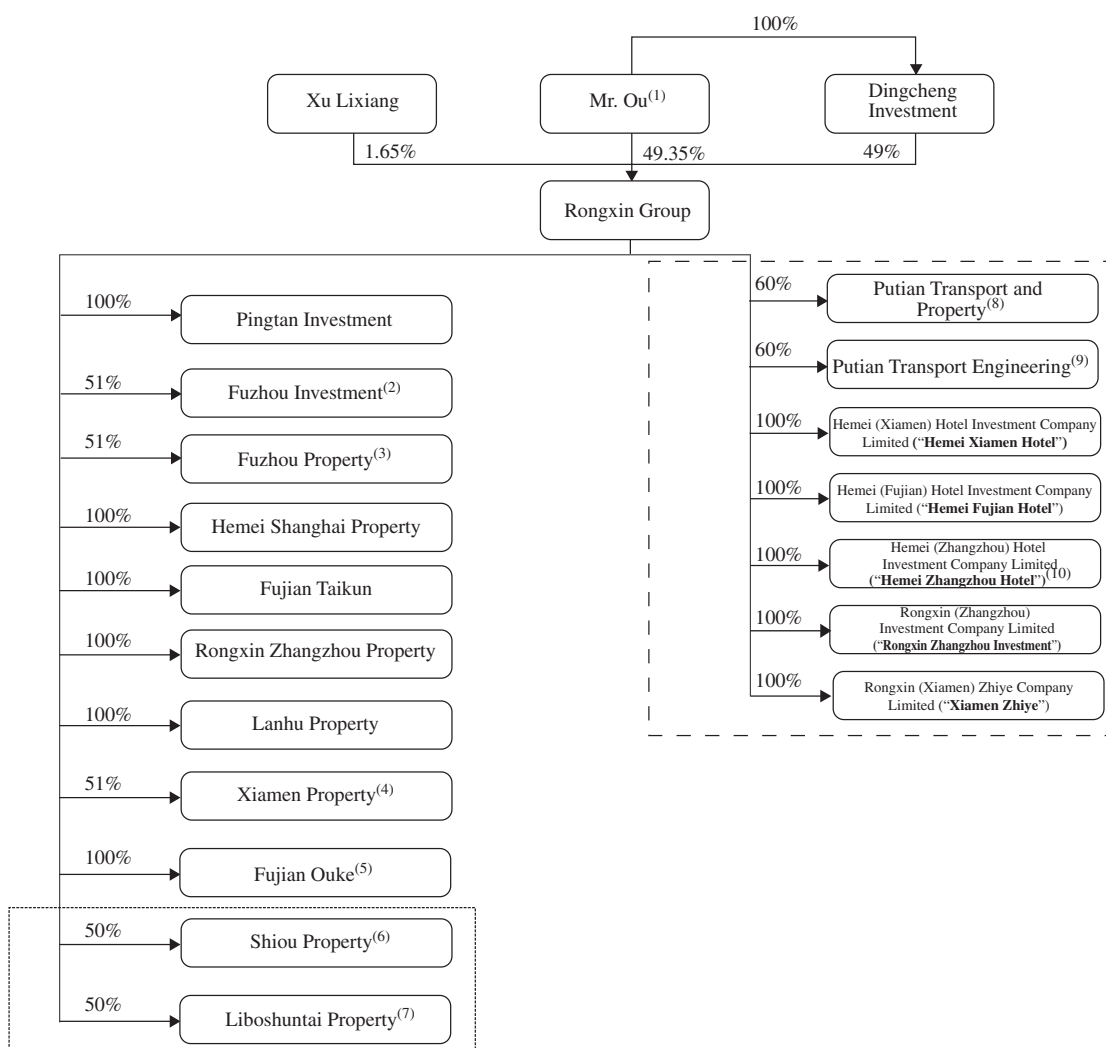
HISTORY, REORGANIZATION AND GROUP STRUCTURE

For other details of each of the joint venture and the associated company, please see the section headed “—History and Development—Our Major Subsidiaries, Joint Ventures and Associated Company” above.

To the best knowledge of the Directors, as of the Latest Practicable Date, the Company was not aware of any non-compliance with any applicable PRC laws and regulations of the joint ventures and the associated company which would have a material adverse effect on the value of our Group’s interest in such joint ventures and the associated company.

THE REORGANIZATION

As part of our restructuring in contemplation of the Listing, we implemented the Reorganization. Following completion of the Reorganization on December 18, 2014, our Company became the holding company of all our subsidiaries. The following chart sets forth the shareholding structure of our Group immediately before the Reorganization:



HISTORY, REORGANIZATION AND GROUP STRUCTURE

Notes:

- (1) 99% equity interest of Dingcheng Investment is directly owned by Mr. Ou and 1% equity interest of Dingcheng Investment is beneficially owned by Mr. Ou through a nominee arrangement.
- (2) The remaining 49% equity interest was held by Shangheng Dongxin (an independent third party).
- (3) The remaining 49% equity interest was held by Shifeng Investment (9%) (an independent third party) and China Minsheng Trust Co., Ltd. (“China Minsheng Trust”) (40%) (an independent third party).
- (4) The remaining 49% equity interest was held by Shanghai Goldstate (an independent third party).
- (5) The entire equity interest in Fujian Ouke was transferred to China Jiantou Trust Co., Ltd. (“China Jiantou Trust”) pursuant to a trust financing arrangement which will be transferred back to our Group upon repayment of the agreed amount under the trust financing arrangement.
- (6) The remaining 50% equity interest was held by Zhenro Group, a joint venture partner and an independent third party.
- (7) The remaining 50% equity interest was held by Binjiang Property, a joint venture partner and an independent third party.
- (8) The remaining 40% equity interest was held by Mr. Ou.
- (9) The remaining 40% equity interest was held by Mr. Ou.
- (10) Hemei (Zhangzhou) Hotel Investment Company Limited (和美(漳州)酒店投资有限公司) was demerged from Rongxin Zhangzhou Property in May 2011.

 Joint ventures of our Group.

 Companies which were being disposed of by our Group as part of the Reorganization.

(1) Disposal of Equity Interest in Subsidiaries of Rongxin Group

The following subsidiaries of our Group were legally and properly disposed of either because their businesses were different from our Group’s core business or they were no longer in operation.

	Company being disposed of	Transferor	Transferee	Date of transfer	Interest being disposed of	Principal business activities	Consideration ⁽¹⁾
(i)	Rongxin Zhangzhou Investment	Rongxin Group	Dingcheng Investment ⁽⁴⁾	July 19, 2013	100%	Not in operation ⁽²⁾	RMB102 million
(ii)	Putian Transport and Property	Rongxin Group	Dingcheng Investment	July 29, 2013	60.00%	Not in operation	RMB10.83 million
(iii)	Putian Transport Engineering	Rongxin Group	Dingcheng Investment	July 29, 2013	60.00%	Not in operation	RMB30.48 million
(iv)	Hemei Xiamen Hotel ⁽²⁾	Rongxin Group	Dingcheng Investment	July 31, 2013	97.00%	Not in operation	RMB9.7 million
		Rongxin Group	Xiamen Jihui Trading Co., Ltd (廈門吉輝貿易有限公司) (“Xiamen Jihui”) ⁽⁵⁾	July 31, 2013	3.00%	Not in operation	RMB300,000
(v)	Hemei Fujian Hotel ⁽³⁾	Rongxin Group	Dingcheng Investment	July 31, 2013	97.00%	Not in operation	RMB9.7 million
		Rongxin Group	Xiamen Jihui	July 31, 2013	3.00%	Not in operation	RMB300,000
(vi)	Xiamen Zhiye	Rongxin Group	Hemei Xiamen Hotel	July 31, 2013	100%	Not in operation ⁽²⁾	RMB20 million

HISTORY, REORGANIZATION AND GROUP STRUCTURE

	Company being disposed of	Transferor	Transferee	Date of transfer	Interest being disposed of	Principal business activities	Consideration ⁽¹⁾
(vii)	Hemei (Zhangzhou) Hotel ⁽³⁾	Rongxin Group	Dingcheng Investment	May 13, 2014	100%	Hotel operation	RMB200 million
(viii)	Beijing Property	Rongxin Group	Xiamen Hefeng Landscape Co., Ltd (廈門和楓園林有限公司) (“Xiamen Hefeng”) ⁽⁶⁾	December 15, 2014	100%	Not in operation ⁽²⁾	RMB10 million
(ix)	Guangzhou Haixi	Rongxin Group	Xiamen Hefeng	December 5, 2014	100%	Not in operation ⁽²⁾	RMB10 million

Notes:

- (1) The consideration of each of the transfer was determined with reference to the registered capital of the relevant company at the time of the transfer and had been fully paid and settled.
- (2) These projects companies established by our Group were no longer in operation due to unsuccessful bids for land grant contracts.
- (3) For more details of our Group’s hotel related business, including reasons for exclusion of this business, please see the section headed “Relationship with Controlling Shareholders.”
- (4) Dingcheng Investment is a company wholly owned by Mr. Ou since 99% equity interest of the company is directly owned by Mr. Ou and 1% equity interest of the company is beneficially owned by Mr. Ou through a nominee arrangement.
- (5) Xiamen Jihui is an independent third party.
- (6) Xiamen Hefeng is an independent third party.

(2) Establishment of New PRC Intermediate Holding Companies

(i) Establishment of Fuzhou Shengye

On September 9, 2014, Fuzhou Shengye was established in the PRC with a registered capital of RMB100 million by Dingcheng Investment, a company wholly owned by Mr. Ou.

(ii) Establishment of Fuzhou Yiheng and Fuzhou Ruifeng

On September 12, 2014, Fuzhou Yiheng and Fuzhou Ruifeng were established in the PRC with a registered capital of RMB100 million and RMB10 million respectively, by Fuzhou Shengye.

(iii) Fuzhou Yiheng increasing its investment in Rongxin Group

On September 15, 2014, the registered capital of Rongxin Group was increased from RMB 666.67 million to RMB 3 billion, with the additional capital being contributed by Fuzhou Yiheng. Following such increase in registered capital, Rongxin Group became owned by Mr. Ou, Ms. Xu Lixiang, Dingcheng Investment and Fuzhou Yiheng as to 10.96%, 0.37%, 10.89% and 77.78%, respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

(iv) *Establishment of Fujian Rongshengmei by Rongtai Company Limited*

On October 28, 2014, Fujian Rongshengmei was established with a registered capital of RMB100 million by Rongtai Company Limited as a wholly foreign-owned enterprise in the PRC.

(3) **Acquisition of Equity Interest in PRC Subsidiaries by the New PRC Intermediate Holding Companies**

(i) *Acquisition of entire equity interests held by Mr. Ou, Ms. Xu Lixiang and Dingcheng Investment in Rongxin Group by Fuzhou Yiheng*

On December 18, 2014, Fuzhou Yiheng acquired the entire equity interest in Rongxin Group from Mr. Ou, Ms. Xu Lixiang and Dingcheng Investment at a consideration of RMB332.22 million, RMB11.22 million and RMB330.10 million, respectively, which were determined based on the net asset value of Rongxin Group as at September 30, 2014. As a result of the acquisition, Rongxin Group became a wholly owned subsidiary of Fuzhou Yiheng.

(ii) *Acquisition of the entire equity interest of Dingcheng Investment in Fuzhou Shengye by Fujian Rongshengmei*

On December 18, 2014, Fujian Rongshengmei acquired the entire equity interest in Fuzhou Shengye from Dingcheng Investment at a consideration of RMB100 million, which was determined based on the registered capital of Fuzhou Shengye. As a result of the acquisition, Fuzhou Shengye became a wholly owned subsidiary of Fujian Rongshengmei and therefore a member of our Group.

(4) **Incorporation of Our Company and Our Offshore Subsidiaries**

Our Company was incorporated in the Cayman Islands as an exempt company with limited liability on September 11, 2014. The initial authorized share capital of our Company was HK\$380,000 divided into 38,000,000,000 Shares. On the same day, one subscriber Share was allotted and issued to Sharon Pierson, our initial subscriber, who then transferred such Share to Dingxin. 99 Shares were further allotted and issued to Dingxin on the same day. Our Company was then wholly owned by Dingxin.

Rongda Company Limited was incorporated in BVI with limited liability on September 11, 2014, which is authorized to allot and issue no more than 50,000 ordinary shares. On the same day, Rongda Company Limited allotted and issued 100 ordinary shares to our Company and thus, Rongda Company Limited became a wholly owned subsidiary of our Company.

Rongtai Company Limited was incorporated in Hong Kong with limited liability on September 26, 2014. On the same day, Rongtai Company Limited allotted and issued 100 ordinary shares to Rongda Company Limited and Rongtai Company Limited became a wholly owned subsidiary of Rongda Company Limited.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

(5) Establishment of the Ou Family Trust (歐氏家族信托)

The Ou Family Trust was established on November 21, 2014 by Mr. Ou Guofei (歐國飛), son of Mr. Ou, as the settlor, with TMF (Cayman) Ltd. acting as the trustee (the “Trustee”) and Mr. Ou acting as the protector.

On December 18, 2014, Mr. Ou Guofei transferred the entire equity interest in Dingxin by way of gift to Honesty Global Holdings Limited (“Honesty Global”), a company incorporated in BVI with limited liability and wholly owned by Mr. Ou Guofei. On the same day, Mr. Ou Guofei transferred the entire equity interest in Honesty Global, which holds the entire equity interest in Dingxin, by way of gift to the Trustee.

The Ou Family Trust is a discretionary trust, the beneficiaries of which are Mr. Ou and his spouse, Ms. Xu Lixiang. Pursuant to the Ou Family Trust, the Trustee holds the equity interest in Honesty Global on trust for the benefit of Mr. Ou and Ms. Xu Lixiang.

ADDITIONAL CAPITAL INJECTION INTO THE COMPANY

On July 31, 2015, Mr. Ou Guofei injected an amount equivalent to approximately RMB1,000,000,000 into Honesty Global. After that, on the same day, Honesty Global injected an amount equivalent to approximately RMB1,000,000,000 into Dingxin and Dingxin then injected the same amount into the Company.

After the above capital injection, on July 31, 2015, Honesty Global first allotted and issued 1 ordinary share to TMF (Cayman) Ltd, at the direction of Mr. Ou Guofei as trust asset of the Ou Family Trust. Subsequently, on December 23, 2015, Dingxin allotted and issued 1 ordinary share to Honesty Global and the Company allotted and issued 900 Shares to Dingxin. Immediately upon completion of the series of capital injections, the Company remained as wholly-owned by Dingxin.

TRUST AND OTHER FINANCING ARRANGEMENTS

The followings are the details of type (iii) trust financing arrangements or other financing arrangements entered into by our Group during the Track Record Period pursuant to which the equity interest in certain members of our Group were transferred to the trust companies:

(1) Expired Trust Financing Arrangements

	<u>Name of subsidiary</u>	<u>Name of trust company</u>	<u>Equity interests transferred pursuant to the trust financing arrangement</u>	<u>Date of transfer</u>	<u>Date of return of the equity interests to our Group</u>	<u>Shareholding structure as of the Latest Practicable Date</u>
(i)	Xiamen Property	China Jiantou Trust	34.00%	January 22, 2013	July 7, 2014	Rongxin Group (51.00%) Shanghai Goldstate (49.00%)
(ii)	Fuzhou Investment	Shangheng Dongxin	49.00%	April 12, 2013	December 10, 2014	Rongxin Group (100%)

HISTORY, REORGANIZATION AND GROUP STRUCTURE

	Name of subsidiary	Name of trust company	Equity interests transferred pursuant to the trust financing arrangement	Date of transfer	Date of return of the equity interests to our Group	Shareholding structure as of the Latest Practicable Date
(iii)	Fuzhou Property	China Minsheng Trust	40.00%	September 26, 2013	March 6, 2015	Rongxin Group (51.00%) Oriental Chuangfu No. 2 (Shenzhen) (40.00%) Shifeng Investment (9.00%)
(iv)	Hangzhou Kaizhu	China Resources Sztic Trust Co., Ltd.	49.00%	December 24, 2013	May 8, 2015	Hemei Shanghai Property (10.00%) Tianhong Asset Management (90.00%)

(2) Ongoing Trust and Other Financing Arrangements

	Name of subsidiary	Name of financial institution	Equity interests transferred pursuant to the trust or Other financing arrangement	Date of transfer	Shareholding structure as of the Latest Practicable Date
(i)	Fuzhou Shuanghang Investment	Pingan Wealth Management	49.00%	August 6, 2015	Rongxin Group (51.00%) Pingan Wealth Management (49.00%)
(ii)	Fujian Ouke ⁽¹⁾	China Jiantou Trust	100%	January 7, 2014	China Jiantou Trust (100%)
(iii)	Hangzhou Kaizhu	Tianhong Asset Management	90.00%	May 14, 2015	Hemei Shanghai Property (10.00%) Tianhong Asset Management (90.00%)
(iv)	Hemei Zhangzhou Property	Zhongrong International Trust	49.00%	August 27, 2014	Rongxin Group (51.00%) Zhongrong International Trust (49.00%)
(v)	Lanhu Property	Zhongrong International Trust	49.00%	June 11, 2014	Rongxin Group (51.00%) Zhongrong International Trust (49.00%)
(vi)	Xiamen Property	Shanghai Goldstate	49.00%	July 8, 2014	Rongxin Group (51.00%) Shanghai Goldstate (49.00%)

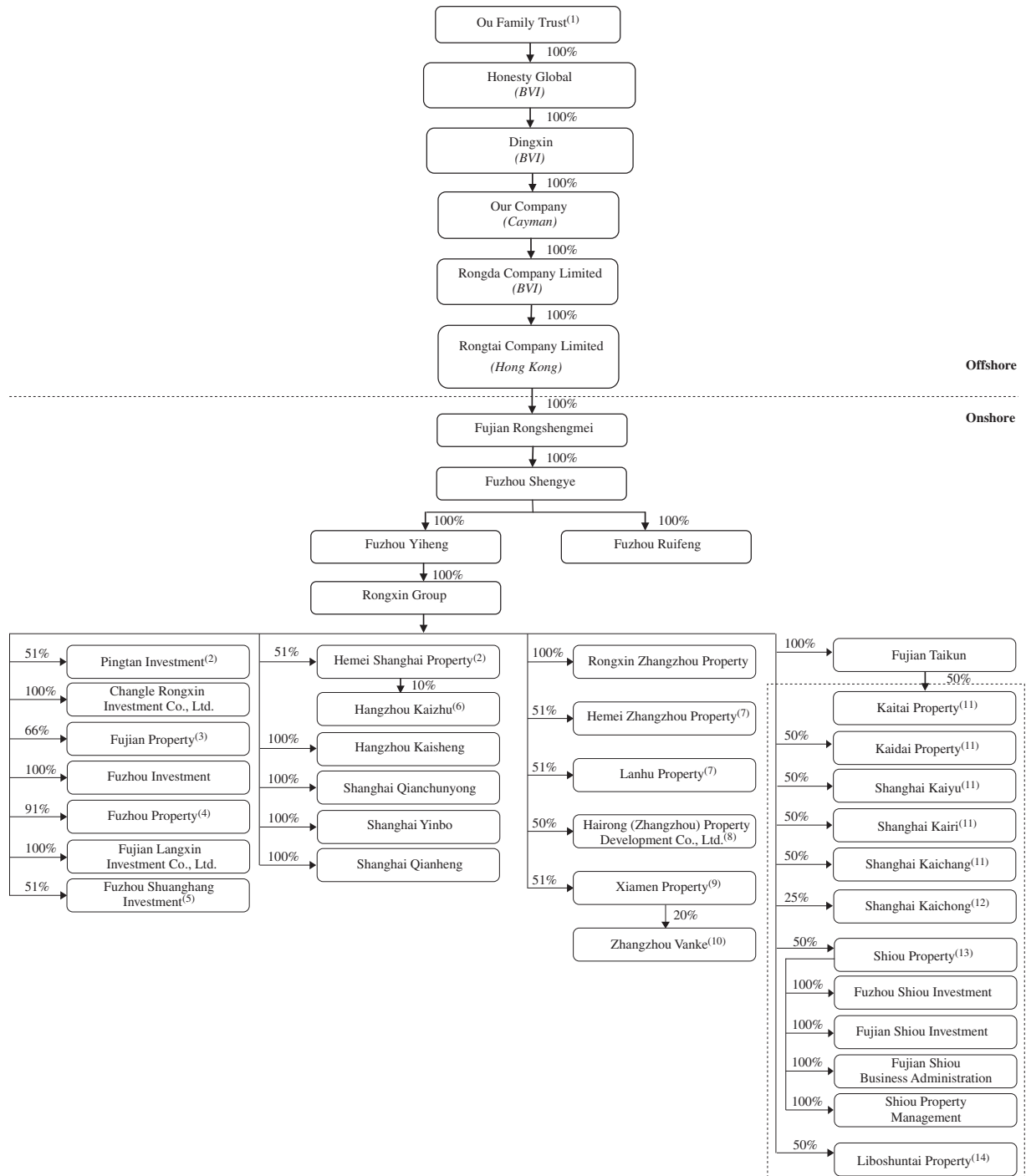
Note:

- (1) Fujian Ouke holds 34% equity interest of Fujian Property and is a subsidiary of our Company, which the entire equity interest was transferred to China Jiantou Trust pursuant to the trust financing arrangement and will be transferred back upon repayment of the agreed amount under the trust financing arrangement.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANIZATION AND BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization and before completion of the Capitalization Issue and the Global Offering:



Joint ventures of our Group

HISTORY, REORGANIZATION AND GROUP STRUCTURE

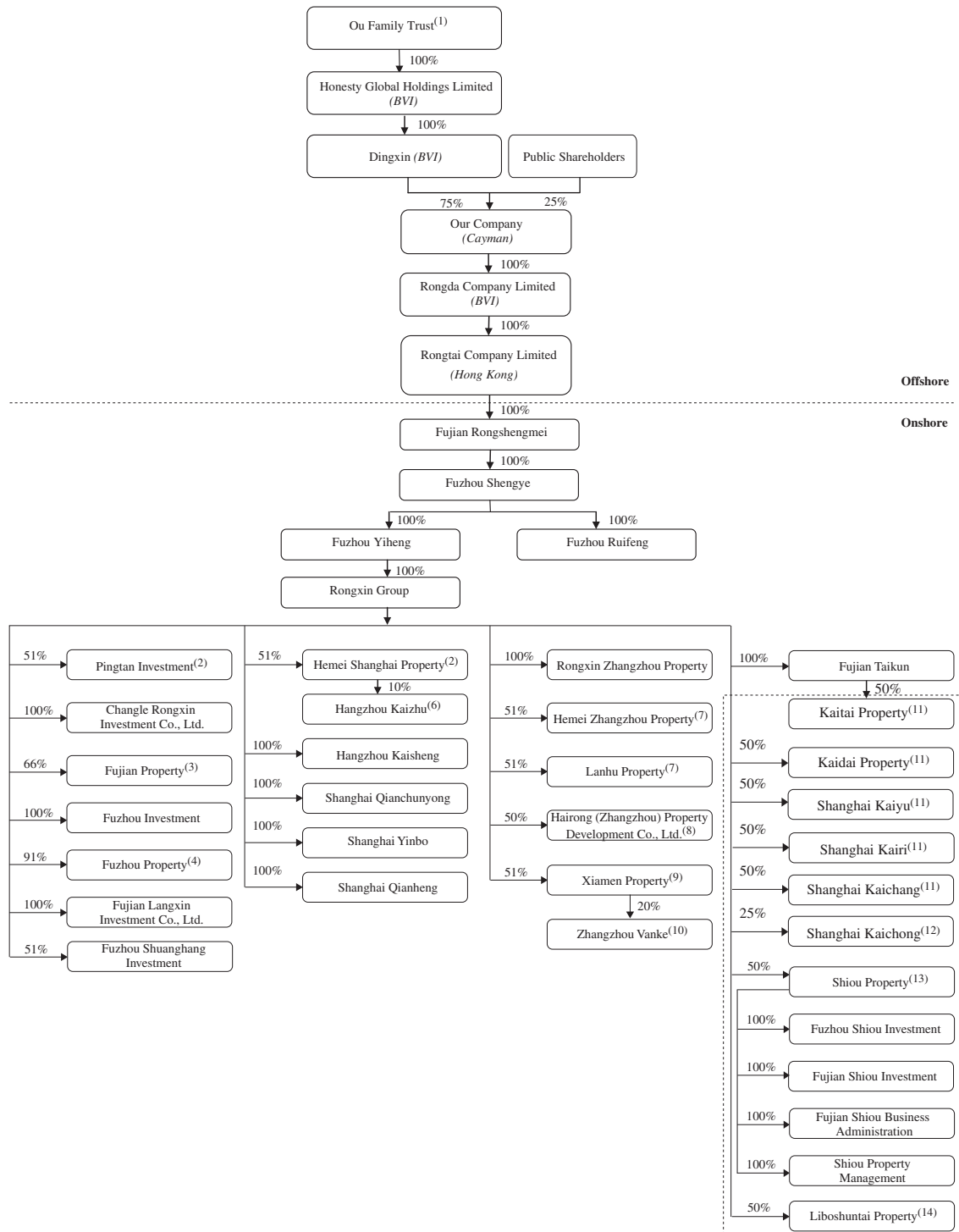
Notes:

- (1) The sole shareholder of Honesty Global is TMF (Cayman) Ltd., the trustee of the Ou Family Trust. The Ou Family Trust is a discretionary trust established by Mr. Ou Guofei (as the settlor), with Mr. Ou being the protector and the discretionary beneficiaries being Mr. Ou and Ms. Xu Lixiang.
- (2) The remaining 49% equity interest is held by Fujian Ou Construction (a connected person of our Company), which is a company owned as to 39.1% by Mr. Ou Zongjin (a brother of Mr. Ou) and 60.9% by Mr. Ou Guoren and Mr. Ou Guoyi (sons of Mr. Ou Zongjin).
- (3) The remaining 34% equity interest is held by Fujian Ouke which will be transferred back upon repayment of trust financing.
- (4) The remaining 9% equity interest is held by Shifeng Investment (an independent third party). Fuzhou Property is treated for accounting purpose as a subsidiary of our Company, and we consolidate 91% of Fuzhou Property in the financial statements of our Group.
- (5) The remaining 49% equity interest is held by Pingan Wealth Management (an independent third party before the financing arrangement which has become a connected person of our Company by holding the equity interest transferred) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Fuzhou Shuanghang Investment, Fuzhou Shuanghang Investment is treated for accounting purpose as a subsidiary of our Company, and we consolidate 100% of Fuzhou Shuanghang Investment in the financial statements of our Group.
- (6) The remaining 90% equity interest is held by Tianhong Asset Management (an independent third party before the financing arrangement which has become a connected person of our Company by holding of the equity interest transferred) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Hangzhou Kaizhu, Hangzhou Kaizhu is treated for accounting purpose as a subsidiary of our Company, and we consolidate 100% of Hangzhou Kaizhu in the financial statements of our Group.
- (7) The remaining 49% equity interest is held by Zhongrong International Trust (an independent third party) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Hemei Zhangzhou Property and Lanhu Property, Hemei Zhangzhou Property and Lanhu Property are treated for accounting purpose as subsidiaries of our Company, and we consolidate 100% of Hemei Zhangzhou Property and Lanhu Property in the financial statements of our Group.
- (8) The remaining 50% equity interest is held by Xiamen Haitou Property (an independent third party).
- (9) The remaining 49% equity interest is held by Shanghai Goldstate (an independent third party before the financing arrangement which has become a connected person by holding of the equity interest transferred) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Xiamen Property, Xiamen Property is treated for accounting purpose as a subsidiary of our Company, and we consolidate 100% of Xiamen Property in the financial statements of our Group.
- (10) The remaining 80% equity interest is held by Xiamen Hengxing (10%) (an independent third party), Xiamen Ruijie (5%) (an independent third party), Shenzhen Vanke (40%) (an independent third party), Xiamen Baotuo (5%) (an independent third party) and Fujian Shangwei (20%) (an independent third party).
- (11) The remaining 50% equity interest is held by Greenland Group (an independent third party).
- (12) The remaining 75% equity interest is held by Greenland Group (25%) (an independent third party) and Shanghai Mingbang (50%) (an independent third party).
- (13) The remaining 50% equity interest is held by Zhenro Group (a connected person of our Company).
- (14) The remaining 50% equity interest is held by Binjiang Property (an independent third party).

HISTORY, REORGANIZATION AND GROUP STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER THE CAPITALIZATION ISSUE AND THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised):



HISTORY, REORGANIZATION AND GROUP STRUCTURE

Notes:

- (1) The sole shareholder of Honesty Global is TMF (Cayman) Ltd., the trustee of the Ou Family Trust. The Ou Family Trust is a discretionary trust established by Mr. Ou Guofei (as the settlor), with Mr. Ou being the protector and the discretionary beneficiaries being Mr. Ou and Ms. Xu Lixiang.
- (2) The remaining 49% equity interest is held by Fujian Ou Construction (a connected person of our Company), which is a company owned as to 39.1% by Mr. Ou Zongjin (a brother of Mr. Ou) and 60.9% by Mr. Ou Guoren and Mr. Ou Guoyi (sons of Mr. Ou Zongjin).
- (3) The remaining 34% equity interest is held by Fujian Ouke which will be transferred back upon repayment of trust financing.
- (4) The remaining 9% equity interest is held by Shifeng Investment (an independent third party). Fuzhou Property is treated for accounting purpose as a subsidiary of our Company, and we consolidate 91% of Fuzhou Property in the financial statements of our Group.
- (5) The remaining 49% equity interest is held by Pingan Wealth Management (an independent third party before the financing arrangement which has become a connected person of our Company by holding the equity interest transferred) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Fuzhou Shuanghang Investment, Fuzhou Shuanghang Investment is treated for accounting purpose as a subsidiary of our Company, and we consolidate 100% of Fuzhou Shuanghang Investment in the financial statements of our Group.
- (6) The remaining 90% equity interest is held by Tianhong Asset Management (an independent third party before the financing arrangement which has become a connected person of our Company by holding of the equity interest transferred) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Hangzhou Kaizhu, Hangzhou Kaizhu is treated for accounting purpose as a subsidiary of our Company, and we consolidate 100% of Hangzhou Kaizhu in the financial statements of our Group.
- (7) The remaining 49% equity interest is held by Zhongrong International Trust (an independent third party) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Hemei Zhangzhou Property and Lanhu Property, Hemei Zhangzhou Property and Lanhu Property are treated for accounting purpose as subsidiaries of our Company, and we consolidate 100% of Hemei Zhangzhou Property and Lanhu Property in the financial statements of our Group.
- (8) The remaining 50% equity interest is held by Xiamen Haitou Property (an independent third party).
- (9) The remaining 49% equity interest is held by Shanghai Goldstate (an independent third party before the financing arrangement which has become a connected person by holding of the equity interest transferred) which will be transferred back upon repayment of trust financing under a financing arrangement. Since such equity interest was transferred purely as collateral for the secured borrowings and our Group remains to have control over Xiamen Property, Xiamen Property is treated for accounting purpose as a subsidiary of our Company, and we consolidate 100% of Xiamen Property in the financial statements of our Group.
- (10) The remaining 80% equity interest is held by Xiamen Hengxing (10%) (an independent third party), Xiamen Ruijie (5%) (an independent third party), Shenzhen Vanke (40%) (an independent third party), Xiamen Baotuo (5%) (an independent third party) and Fujian Shangwei (20%) (an independent third party).
- (11) The remaining 50% equity interest is held by Greenland Group (an independent third party).
- (12) The remaining 75% equity interest is held by Greenland Group (25%) (an independent third party) and Shanghai Mingbang (50%) (an independent third party).
- (13) The remaining 50% equity interest is held by Zhenro Group (a connected person of our Company).
- (14) The remaining 50% equity interest is held by Binjiang Property (an independent third party).

HISTORY, REORGANIZATION AND GROUP STRUCTURE

PRC REGULATORY REQUIREMENTS

Our PRC legal advisors have confirmed that all relevant approvals and permits in respect of the equity transfers and increases in registered capital of our PRC operating subsidiaries as described above have been obtained and the procedures and steps involved are in compliance with relevant PRC laws and regulations. Our PRC legal advisors have also confirmed that each of the acquisitions, disposals and mergers has been properly and legally completed and settled.

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

According to the “Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》)” (the “New M&A Rules”) jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2008 and amended in June 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company by paying the acquisition price with equity interests, the overseas listing of that special purpose company shall be subject to approval by the CSRC.

On December 18, 2014, Fujian Rongshengmei acquired the entire equity interest in Fuzhou Shengye from Dingcheng Investment at a consideration of RMB100 million in cash. As a result of the acquisition, Fuzhou Shengye became a wholly owned subsidiary of Fujian Rongshengmei, a wholly owned subsidiary of Rongtai Company Limited which was incorporated in Hong Kong. According to the confirmation letter issued by the Gambia Immigration Department and the household deregistration certificate issued by Jinshan Branch of Fuzhou Public Security Bureau with respect to Mr. Ou Guofei and as confirmed by Mr. Ou Guofei and our legal advisors as to Hong Kong laws, Mr. Ou Guofei became a permanent resident of the Gambia on April 28, 2014 and cancelled his household registration in China on September 19, 2014. Therefore, Mr. Ou Guofei, the ultimate beneficial owner of Rongtai Company Limited, is not regarded as a PRC domestic natural person under the New M&A Rules, as advised by our PRC Legal Advisors. Moreover, the acquisition abovementioned shall fall into the category of acquisitions of domestic enterprises by foreign-invested enterprises which is governed by the Interim Provisions on Investment in China by Foreign-Invested Enterprises (《關於外商投資企業境內投資的暫行規定》) as well as other provisions concerning domestic investment by foreign-invested enterprises. Therefore, as advised by our PRC legal advisors, the Reorganization was not subject to the New M&A Rules.

SAFE Registration in the PRC

Pursuant to SAFE Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (“Overseas SPV”) that is directly established or controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change in respect of the Overseas SPV,

HISTORY, REORGANIZATION AND GROUP STRUCTURE

including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to SAFE Circular 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas parent.

Our PRC legal advisors, FenXun Partners, have advised us that (a) since Mr. Ou Guofei became a permanent resident of the Gambia on April 28, 2014 and cancelled his household registration in China on September 19, 2014, he is not a PRC resident as defined under the SAFE Circular 37 and (b) since Mr. Ou is merely one of the beneficiaries of the Ou Family Trust and has not held an equity interest in any Overseas SPV, he is not subject to the registration and amendment procedures under SAFE Circular 37. We cannot assure you, however, the relevant PRC authorities will not hold a different view from our PRC legal advisors and require Mr. Ou or Mr. Ou Guofei to register under Circular 37.

SAT Circular No. 7

SAT Circular No. 7 was issued by the State Administration of Taxation and came into effect on February 3, 2015. It stipulates that if a non-resident enterprise indirectly transfers assets (including equity interests) in PRC resident enterprises through arrangements such as a transfer of shares in an overseas enterprise without reasonable commercial purposes in order to evade enterprise income tax, the nature of the putative indirect transfer shall be reclassified and recognized as a direct transfer of assets of a PRC resident enterprise.

We are advised by our PRC legal advisors, FenXun Partners, that our Company has continually held all shares in Rongda Company Limited which, in turn, has continually held all shares in Rongtai Company Limited, and has not conducted any transfer of PRC Taxable Assets and SAT Circular No. 7, therefore, does not apply. FenXun Partners have also advised us that the transfers of equity interest in Dingxin and Honesty Global from Mr. Ou Guofei (please see the section headed "History, Reorganization and Group Structure—(5) Establishment of the Ou Family Trust" in this prospectus) shall not be deemed as "indirect transfers of the PRC Taxable Assets" under SAT Circular No. 7 because the transferor of such transfers is a natural person rather than an enterprise.

BUSINESS

OVERVIEW

We are a property developer in the PRC, focusing on the development of residential properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities. The Western Taiwan Straits Economic Zone is an area centering on the coastal areas of Fujian province known for entrepreneurship and economic growth.* We believe we have a leading market position in Fujian province and Fuzhou, the capital city of Fujian province. We were ranked first in Fujian province on the “Top 20 Real Estate Developers in Fujian province in 2015” list and 33rd nationwide on the “Top 50 Real Estate Developers in China in 2015” list, jointly compiled by China Real Estate Research Association, China Real Estate Industry Association and China Real Estate Evaluation Center based on a comprehensive set of criteria, including size, risk management, profitability, growth potential, operating results, innovation and social responsibility. According to CRIC, based on pre-sale data reported by developers to the Fuzhou Real Estate Transaction Center as required by local regulations, we ranked first in the urban districts (namely, Gulou, Taijiang, Cangshan, Mawei and Jin’an) of Fuzhou in terms of pre-sales for the year ended December 31, 2014.**

We are primarily engaged in the development of mid- to high-end residential properties targeting middle to upper-middle income households with a demand for home upgrades. We also develop commercial properties integrated with or in the vicinity of our residential properties, including office buildings, retail shops and other commercial properties, which we believe will not only diversify our source of income, but also enhance the attractiveness of and facilitate demand for our residential properties. We intend to selectively sell certain commercial properties and hold others as long-term investments.

Headquartered in Fuzhou, we commenced our business in 2003 and have historically focused our property development in the Western Taiwan Straits Economic Zone, capturing the opportunities presented by its rapidly growing economy. We have a well-established development portfolio in this area, including projects in Fuzhou, Zhangzhou and Xiamen. Leveraging our success and experience in the Western Taiwan Straits Economic Zone, we have expanded into Shanghai and Hangzhou, important economic centers in the Yangtze River Delta. We intend to solidify our market position in the Western Taiwan Straits Economic Zone and enhance our position in Shanghai and Hangzhou while further expanding in a prudent manner into other first- and second-tier cities.

As of October 31, 2015, we had 21 property development projects at various stages of development, including 11 located in Fuzhou, one in Xiamen, five in Zhangzhou, one in Shanghai and

* Encompassing certain cities and areas in the Fujian, Zhejiang, Guangdong and Jiangxi provinces. See the section headed “Industry Overview—Development of the Western Taiwan Straits Economic Zone.”

** For purposes of this ranking, all pre-sale results of Shiou Group, our 50%-owned joint venture, were attributed to us. Our ranking would remain first with only 50% of the pre-sale results of Shiou Group attributed to us, based on our internal calculations. For more information on how Shiou Group affects our business, financial condition and results of operations, see the sections headed “Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Share of Profits of Investments Accounted for Using the Equity Method, net—Shiou Group” and “Risk Factors—Risks Relating to Our Business—We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition.”

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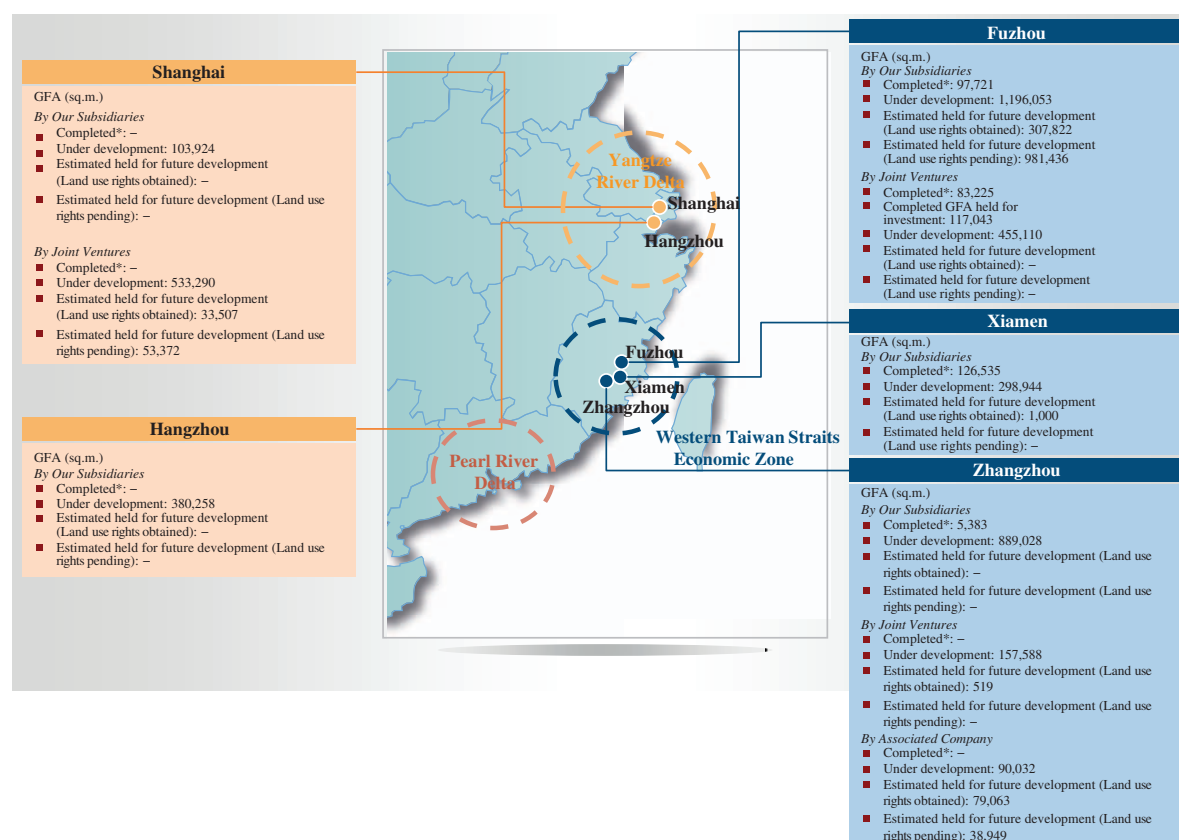
three in Hangzhou. As of the same date, we had 12 projects we jointly controlled with other property developers and one project we operated with another property developer in which we had no control in the same region. As of October 31, 2015, the projects we developed through our subsidiaries had an estimated total GFA attributable to us of approximately 4.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.2 million sq.m., properties under development with an aggregate GFA attributable to us of approximately 2.9 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 1.3 million sq.m. As of the same date, the projects developed by our joint ventures had an estimated total GFA attributable to us of approximately 1.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.08 million sq.m., completed GFA held for investment with an aggregate GFA attributable to us approximately 0.1 million sq.m., properties under development with an aggregate GFA attributable to us of approximately 1.1 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 0.09 million sq.m., and the project developed by our associated company had an estimated total GFA attributable to us of approximately 0.2 million sq.m., including properties under development with an aggregate GFA attributable to us of approximately 0.09 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 0.1 million sq.m.

The table below sets forth a breakdown of these categories of projects as of October 31, 2015:

	Number of projects	Total GFA attributable to us	
		(sq.m.)	(%)
Projects held by our subsidiaries.....	21	4,388,103	72.8
Projects held by our joint ventures	12	1,433,654	23.8
Projects held by our associated company	1	208,044	3.4
	<u>34</u>	<u>6,029,801</u>	<u>100.0</u>

BUSINESS

The map below indicates the locations of and our attributable interests in these projects as of October 31, 2015:



* held for sale

As of October 31, 2015, our properties held for future development included an aggregate estimated GFA attributable to us of approximately 1.0 million sq.m. for which we had not obtained land use rights certificates but had entered into land grant contracts and had either paid the relevant land premiums and were awaiting the relevant government agencies to issue the land use rights certificates or had not paid the relevant land premiums because (a) the relevant local governments had extended the relevant payment period as they had not completed resettlement and infrastructure work in relation to the land parcels or (b) the relevant land premiums had not become due.

The total attributable GFA of our projects as of October 31, 2015 of approximately 4.4 million sq.m. included an estimated total GFA attributable to us of approximately 788,000 sq.m., comprising completed properties held for sale with an aggregate GFA attributable to us of approximately 30,000 sq.m., properties under development with an aggregate GFA attributable to us of approximately 74,000 sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 684,000 sq.m., that corresponded to resettlement housing that we undertook to construct under contracts with local PRC governments. We were obligated to sell such properties, once completed, back to the relevant local governments at pre-agreed prices. We record revenue from such source as “revenue from construction contracts.”

BUSINESS

We believe our success is attributable to our product quality and strong brand name. We focus on developing properties that cater to the demands of our target customers for high-quality homes that feature appealing designs, convenience and comfort, and adjust our property offerings based on customer feedback through market surveys and research on the latest market trend and development. As a result, we have received various awards in recognition of our product quality and our achievements as a property developer. For example, Lan County was recognized as a China Real Estate Outstanding Brand Property (中國房地產優秀品牌項目) by China Real Estate Association (中國房地產協會), China Real Estate Research Association (中國房地產研究會) and China Real Estate Evaluation Center (中國房地產評測中心) in 2012 and Lan Garden was recognized as an Outstanding Quality Landmark Estate (卓越品質標杆樓盤) by Xiamen Star TV (廈門衛視), Fang33.com (房米網) and Boss Magazine (閩商雜誌) in 2012. We also strive to shorten our project development cycle to improve our operating efficiency, expedite asset turnover, enhance liquidity position and achieve sustainable growth, by adopting standardized property development procedures and closely monitoring the entire property development cycle. We typically target to commence pre-sale with 130 days from the commencement of construction.

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our revenue was RMB1,291.1 million, RMB2,128.9 million, RMB4,099.2 million, RMB902.6 million and RMB2,106.5 million, respectively, and the profit attributable to our owners was RMB187.5 million, RMB517.7 million, RMB506.5 million, RMB197.9 million and RMB288.8 million, respectively.

OUR BUSINESS STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths:

Strong development capabilities with a track record of success in developing mid- to high-end residential properties in the Western Taiwan Straits Economic Zone

We are a property developer in the PRC, with an established market position in the Western Taiwan Straits Economic Zone, an area centering on the coastal areas of Fujian province known for entrepreneurship and economic growth. We believe we have a leading market position in Fujian province and Fuzhou, the capital city of Fujian province. We were ranked first in Fujian province on the “Top 20 Real Estate Developers in Fujian province in 2015” list and 33rd nationwide on the “Top 50 Real Estate Developers in China in 2015” list, jointly compiled by China Real Estate Research Association, China Real Estate Industry Association and China Real Estate Evaluation Center based on a comprehensive set of criteria, including size, risk management, profitability, growth potential, operating results, innovation and social responsibility. Since the inception of our business and up to October 31, 2015, we had cumulatively completed development of six projects in Fuzhou, with a total GFA attributable to us of 1.2 million sq.m. As of October 31, 2015, we had 15 projects under development by our subsidiaries in Fuzhou, Zhangzhou, Xiamen, Shanghai and Hangzhou, with a total estimated GFA attributable to us of 2.9 million sq.m. Over the same period, Shiou Property and Fuzhou Shiou Investment Development Co. Ltd., our joint ventures, had also completed development of three projects in Fuzhou, with a total GFA attributable to us of 0.3 million sq.m. As of the same date, we also had six and one projects under development by our joint ventures and associated

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company in Fuzhou, Zhangzhou and Shanghai, with a total estimated GFA attributable to us of 1.1 million sq.m. and 0.09 million sq.m., respectively. Following a quality-oriented development philosophy, our developments are typically situated at prime locations and feature specifications that are principally marketed to mid- to high-end customers who we believe, as compared to other customers, place higher priority on quality in their property purchase decision-making. For example:

- The White House was recognized as a China Real Estate Outstanding Brand Property Project (中國房地產優秀品牌項目) by China Real Estate Association (中國房地產協會), China Real Estate Research Association (中國房地產研究會) and China Real Estate Evaluation Center (中國房地產評測中心) in 2013;
- Lan County was recognized as a Western Taiwan Straits Five Star Development (海西五星級樓盤) by Fujian Daily (福建日報) in 2012 and a Property of Excellent Quality in Fuzhou (福州品質好樓盤) by SouFun.com (搜房網) in 2013; and
- Lan Garden was recognized as a Western Taiwan Straits Five Star Development (海西五星級樓盤) by Fujian Daily (福建日報) and a New City Landmark in China (中國城市新地標) by SouFun.com (搜房網) in 2012.

As a result, we believe our developments are able to command a premium in pricing compared with averages in cities where they are situated. In 2014, our recognized ASP in Fuzhou, calculated by revenue from sales of properties divided by GFA delivered, was RMB18,051 per sq.m. In comparison, according to CRIC, the average selling price of residential properties in Fuzhou was RMB16,552 per sq.m. for the same period.*

We believe our capabilities to develop quality properties provide us with significant leverage for our future business growth. In addition, by having expanded into selected first- and second-tier cities in the Yangtze River Delta, we have accumulated extensive experience in adjusting our property offerings to the needs of our target customers in a new market and overcoming challenges associated with growing our business in a previously unfamiliar territory. We believe such experience will further enhance our reputation as a high-quality property developer and position us well for future business growth.

Quality land bank providing long-term development and growth opportunities

We have strategically selected and acquired land for future development to sustain our continued growth. As of October 31, 2015, the projects developed by our subsidiaries had an estimated total GFA attributable to us of approximately 4.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.2 million sq.m., properties under development with an aggregate GFA attributable to us of approximately 2.9 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 1.3 million

* Calculated by contracted sales for the relevant period, rather than revenue, divided by the corresponding GFA pre-sold, rather than GFA delivered.

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sq.m.* As of October 31, 2015, our properties held for future development included an aggregate estimated GFA attributable to us of approximately 1.0 million sq.m. for which we have not obtained land use rights certificates but have entered into land grant contracts and had either paid the relevant land premiums and were awaiting the relevant government agencies to issue the land use rights certificates or had not paid the relevant land premiums because (a) the relevant local governments had extended the relevant payment period as they had not completed resettlement and infrastructure work in relation to the land parcels or (b) the relevant land premiums had not become due. Most of the land parcels we have acquired are situated at prime locations in first- and second-tier cities or cities that we believe to have high growth potential, which, in terms of development potential, we believe are less susceptible to market volatility. Our land bank for future development as of October 31, 2015 was located in Fuzhou and Xiamen, which are second-tier cities in China, with an estimated total GFA attributable to us of approximately 1.2 million sq.m.

The table below sets forth details of our land bank for future development as of October 31, 2015⁽¹⁾:

City	Total Estimated GFA Attributable to Us (sq.m.)	Average Land Acquisition Cost (RMB per sq.m.)
Fuzhou.....	1,289,258	4,743
Xiamen	<u>1,000</u>	2,713
Total	<u><u>1,290,258</u></u>	

Note:

- (1) Comprising land parcels for which we had obtained land use rights but not yet obtained construction work commencement permits and land parcels for which we had not obtained land use rights but had entered into land grant contracts.

We acquire most of our land through government-organized auctions and the listing-for-sale process. In addition, we also acquire land through joint ventures with other property developers and by acquiring equity interests from third-party property developers who already hold land use rights.

* Including an estimated total GFA attributable to us of approximately 788,000 sq.m., comprising completed properties held for sale with an aggregate GFA attributable to us of approximately 30,000 sq.m., properties under development with an aggregate GFA attributable to us of approximately 74,000 sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 684,000 sq.m., that corresponded to resettlement housing that we undertook to construct under contracts with local PRC governments. We were obligated to sell such properties, once completed, back to the relevant local governments at pre-agreed prices. We record revenue from such source as “revenue from construction contracts.”

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We believe our strategically located quality land reserves provide us with an attractive property development pipeline and will be sufficient to support our continued growth in the near future.

Strong execution capabilities underpinned by standardized development procedures targeting to expedite asset turnover and enhance operating efficiency

We have adopted systematic project development and management procedures aimed at expediting asset turnover and enhancing our operating efficiency, through well-designed standardized procedures throughout the life cycle of a project. Our system includes a detailed breakdown of key work-streams for each stage of the life cycle of a project, with clear division of responsibilities among responsible personnel and related parties.

Our project development and management procedure typically divides the entire project development cycle into eight phases, including project assessment and approval, project initiation, project design, procurement, model properties development, construction, sales and marketing and delivery. Within such phases, we explicitly defined 10, 5, 13, 16, 6, 12, 22 and 8 procedures, respectively, associated with attributions such as duration, deadline, responsible personnel and supervising personnel. Furthermore, we believe strong execution capabilities are essential to ensuring successful implementation of our development procedures. We therefore place great emphasis on the capability and diligence of our staff and issue internal guidance letters to ensure uniform practice from our workforce.

Capitalizing on our project development procedures and strong execution capabilities, we believe we are able to lower our construction cost, efficiently manage and oversee the progress of our project development and ensure consistent product quality. We typically target to commence pre-sale within 130 days from the commencement of construction.

We believe our standardized procedures not only help ensure consistent product quality, which we believe helps enable us to differentiate our properties and achieve favorable selling prices, but, more importantly, also enable us to enhance our operating efficiency and replicate our success when we enter new markets and eventually boost shareholders' return.

Well-recognized brand name with high quality projects facilitating expansion into new markets

We believe that we have established a strong brand name in our existing market through our track record of bringing to market high-quality property projects. We focus on quality throughout the entire development cycle. For example, we engage reputable architects and designers such as Atkins, HBA and Belt Collins, use what we believe to be premium materials and fittings in the construction and furnishing of our properties and closely scrutinize the work of our chosen contractors. In addition, we engage leading local landscaping firms to enhance the attractiveness of our properties which provides a comfortable living environment for residents. We cooperate with well-known international brands to create model units for viewing during the pre-sale phase in order to provide customers with an enjoyable purchase experience. The property management company we have engaged has a first class qualification by MOHURD and manages two of our properties which achieved nation-level excellence certifications for property management. We also periodically organize neighborhood festivals, celebrity events, galas and other publicity activities to help market our properties and promote our

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brand name. In addition, we have engaged leading international hotel managers to manage our hotel properties upon completion of construction. We believe that our focus on quality has enabled us to differentiate our products and achieve favorable selling prices, as our customers appreciate the quality we create and associate our brand with high-quality and customer-oriented properties and services.

The strength of our brand is evidenced by the honors our properties have received. See “—Awards and Recognitions” below. We believe our well-recognized “Rongxin 融信” brand in our existing market will be of great value to us as we solidify and enhance our position in our existing markets and expand our business and geographic reach into other cities and regions in the PRC.

Visionary, motivated and stable management team supported by experienced professionals and motivated workforce

Our founder and Chairman, Mr. Ou, was honored as an Outstanding Person of China Real Estate (中國房地產傑出人物) by China Real Estate Association (中國房地產協會), China Real Estate Research Association (中國房地產研究會) and China Real Estate Evaluation Center (中國房地產評測中心) in 2014 and an Exceptional Person of Driving Force for China Real Estate (房地產卓越推動人物) by World Property Forum for Chinese Entrepreneurs of China International Fair for Investment & Trade in 2012. Our management team consists of experienced professionals, some of whom have received recognized qualifications and have extensive experience in the development, sales and management of property projects. Most members of our senior management have over 10 years of experience in the PRC real estate industry. We believe that such experience enhances our ability to execute business plans and develop properties demanded by our target customers. Our senior management team is relatively stable, having served us for an average of about six years. We believe our visionary, motivated and stable management team has contributed to our success and will continue to be a critical factor for our expansion and long-term growth.

In addition, we have a team of experienced and dedicated employees with substantial experience and expertise in property development, planning, design, finance and other relevant areas. We recruit employees from well-known universities in the PRC and provide our employees with continuing vocational training to enhance their competency. We periodically evaluate performance of our sales and marketing efforts using criteria associated with sales and marketing results. We believe our remuneration and reward policy enables us to attract and retain talent.

OUR BUSINESS STRATEGIES

Our goal is to become one of the most competitive and reputable property developers in the PRC. To achieve our goal, we intend to implement the following strategies:

Enhance our presence in existing markets and strategically expand into other first- and second-tier cities while maintaining financial stability

We intend to leverage our strong brand name and extensive experience to continue to develop high-quality properties in the Western Taiwan Straits Economic Zone and the first- and second-tier cities where we already have a presence, such as Pingtan David City, The White House, Ocean City and Lan Garden. In particular, we aim to maintain our leading market position in Fujian province and

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our existing rankings nationwide. We believe our brand name and expertise in developing high-quality properties, coupled with high economic growth in such regions, will allow us to increase our profitability and brand recognition. As part of our expansion strategy, we also intend to selectively acquire more land in Shanghai and Hangzhou, where we already have a presence, to achieve economies of scale in these cities and expand into other first- and second-tier cities, such as Beijing and Guangzhou.

We intend to continue to adopt a disciplined approach to land acquisition. We plan to make all decisions relating to a potential acquisition of a land parcel based on thorough research and detailed analysis of expected return in the context of future property and economic trends in the region where it is located. We seek to expand our land bank while maintaining a system of financial controls and managing our costs through a stringent budget-planning process. We will continue to base our expansion strategy on a principle of maintaining financial stability first.

In selecting sites for future development, we generally target prime locations in our strategically chosen cities. We typically prefer locations in business districts or near local landmarks which we believe to be associated with quality and prestige. We believe that the location of land plays an important role in the value of properties we market to our customers and, in turn, enhance our ability to achieve premium in pricing of our properties.

We believe our strategy to solidify our presence in existing markets and strategically expand into other selected cities in the PRC will enable us to maximize our Shareholders' value.

Adhere to prudent financial policy and adopt proactive approach to capital structure management

We plan to closely monitor our capital and cash positions and carefully manage our land costs, construction costs and operating expenses. For example, we have adopted various measures to control our costs and expenses including, among others, setting up target costs for our project design and development, implementing centralized procurement and stipulating detailed and prudent financial policies to manage our administrative expenses and selling and marketing costs. We believe that by adhering to prudent cost management, we will be able to utilize our working capital more efficiently and maintain healthy profit margins.

We monitor our capital and indebtedness level by reviewing our gearing ratio, which is based on total borrowings less restricted cash and cash and cash equivalents divided by total equity. Our gearing ratio as of June 30, 2015 was 6.4, which is high. Going forward, we intend to continue to closely monitor the maturity profiles of our borrowings and manage the level of liquidity to ensure sufficient cash flows to service our indebtedness and meet cash requirements arising from our business. We also plan to use leverage prudently, with reference to our equity size, when we acquire new assets to expand our business operation.

We also plan to continue to seek business opportunities to cooperate with business partners to jointly development projects, to reduce our capital commitment. For example, we cooperate closely with Zhenro Group to jointly develop our Show Kingdom project in Fuzhou and Greenland Group to jointly develop our French Legend, Shanghai Xujing Project, Shanghai Huacao Lot I, II, III and IV

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projects in Shanghai. We recently brought in a strategic investor, Fujian Ou Construction, which became a 49% shareholder in our two subsidiaries holding our Pingtan David City, Imperial Villa and Blue Peacock Phase I and Phase II projects. This boosted our equity base and reduced our gearing considerably. See the section headed “Summary and Highlights—Recent Developments—Developments in Our Business.” We will remain disciplined in our capital commitment and proactive in managing our capital structure to meet our ongoing capital requirements.

Continue to improve operating efficiency and expedite asset turnover

We plan to continue to adopt standardized property development procedures and strengthen our project management and execution capabilities while maintaining the quality of our properties, so as to further expedite our asset turnover and enhance our operating efficiency.

We also intend to achieve operating efficiency through our investment in information technology. We have a dedicated team of information technology professionals managing and upgrading our information management system. We are implementing an ERP system, which collects and delivers operational and financial data on a real-time basis, thus enabling senior management to better supervise our daily business operations, improve operating efficiency and enhance marketing so as to maximize investment returns.

Continue to focus on residential property development while pursuing product diversification

We have focused our business on developing residential properties and intend to continue doing so in the future. We believe our focus on residential property development allows us to better and more efficiently utilize our resources to cater to our target customers’ needs, enhance our brand name and facilitate our sustainable growth.

We believe commercial properties that we typically develop within or around our residential properties attract a healthy flow of pedestrian traffic and commercial activities which will not only diversify our source of income, but also facilitate demand for our residential properties. We believe that the synergy between the different types of properties we offer helps increase the overall attractiveness of our properties in general. As such, we also intend to continue to develop office, retail and other commercial properties in business districts in the cities where we operate. We intend to hold some of such commercial properties as investment properties and procure reputable tenants in order to secure stable and recurring rental income.

Continue to promote our brand recognition and image

We intend to continue to promote our brand by continuing to focus on quality and providing purchasers of our properties with strong after-sales support. We plan to tailor our product offerings and position different product lines based on the preference and demand of our target customers and location of our properties. When right opportunities arise, we also intend to build our image and brand name in the new market by developing marquee buildings in the cities where we plan to expand into. In addition, we plan to continue to host neighborhood festivals, celebrity events, galas and other

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publicity events that have proven popular for our customers and the general public. At the same time, we intend to continue to build market recognition of our brand through marketing initiatives such as advertising campaigns and participation in property exhibitions and trade conventions.

OUR PROPERTY DEVELOPMENT BUSINESS

Overview

We develop a variety of residential and commercial properties. Our residential properties primarily include high-rise and mid-rise apartments and high-end low-density properties. Our commercial properties primarily include office buildings, retail shops and hotels, integrated with or in the vicinity of the residential properties. As of October 31, 2015, we had 21 property development projects at various stages of development including 11 located in Fuzhou, one in Xiamen, five in Zhangzhou, one in Shanghai and three in Hangzhou. As of the same date, we had 12 projects we jointly controlled with other property developers and one project we operated with another property developer in which we had no control in the same region. As of October 31, 2015, these projects developed by our subsidiaries had an estimated total GFA attributable to us of approximately 4.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.2 million sq.m., properties under development with an aggregate planned GFA attributable to us of approximately 2.9 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 1.3 million sq.m. As of October 31, 2015, our properties held for future development included an aggregate estimated GFA attributable to us of approximately 1.0 million sq.m. for which we had not obtained land use rights certificates but had entered into land grant contracts and had either paid the relevant land premiums and were awaiting the relevant government agencies to issue the land use rights certificates or had not paid the relevant land premiums because (a) the relevant local governments had extended the relevant payment period as they had not completed resettlement and infrastructure work in relation to the land parcels or (b) the relevant land premiums had not become due. See the section headed “Risk Factors—Risks Relating to Our Business—Our business may be adversely affected if we fail to obtain, or if there is any delay in obtaining, the relevant PRC governmental approvals for our property development projects.”

The total attributable GFA of our projects as of October 31, 2015 included an estimated total GFA attributable to us of approximately 788,000 sq.m., comprising completed properties held for sale with an aggregate GFA attributable to us of approximately 30,000 sq.m., properties under development with an aggregate GFA attributable to us of approximately 74,000 sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 684,000 sq.m., that corresponded to resettlement housing that we undertook to construct under contracts with local PRC governments. With respect to such land parcels, we only have the rights of occupation and development, and are obligated to sell the completed properties back to the local PRC governments pursuant to relevant contracts. See the section headed “—Construction of Resettlement Housing” below.

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As of the same date, these projects developed by our joint ventures had an estimated total GFA attributable to us of approximately 1.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.08 million sq.m., completed GFA held for investment with an aggregate GFA attributable to us approximately 0.1 million sq.m., properties under development with an aggregate GFA attributable to us of approximately 1.1 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 0.09 million sq.m., and projects developed by our associated company had an estimated total GFA attributable to us of approximately 0.2 million sq.m., including properties under development with an aggregate GFA attributable to us of approximately 0.09 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 0.1 million sq.m.

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other developers. Our classification of properties is not directly comparable with the classification of properties in the Property Valuation Report contained in Appendix III to this prospectus or that in the Accountant's Report contained in Appendix I to this prospectus. These classifications, however, share similarities in the treatment of properties that have been issued land use rights certificates. While we categorize properties with land use rights certificates in our properties under development, the Property Valuation Report contained in Appendix III assigns a market value to such properties and the Accountant's Report contained in Appendix I includes them on our balance sheet as our assets under land use rights.

The table below sets forth our classification of properties and the corresponding classifications of properties in the Property Valuation Report and the Accountant's Report:

This Prospectus	Property Valuation Report	Accountant's Report
Completed properties, comprising properties with certificates of completion (including completed properties that have been sold).....	Group I - Property interest held and occupied Group II - Property interests held for sale (excluding completed properties that have been delivered)	Property, plant and equipment Completed properties held for sale (excluding completed properties that have been delivered)
Properties under development, comprising properties for which we have obtained the construction work commencement permits but not yet the certificates of completion	Group III - Property interests held under development	Properties under development Investment properties under construction Property, plant and equipment

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This Prospectus	Property Valuation Report	Accountant's Report
Properties held for future development, comprising properties for which we have obtained the land use rights certificates and intend to hold for future development and properties for which we have not obtained the land use rights certificates, but have entered into the land grant contracts or the project company equity transfer agreements	Group IV - Property interests held for future development Group V - Property interests contracted to be acquired	Land use rights Expenditure incurred for projects for which we have not yet obtained the land use rights certificates and which was recorded as prepayments, deposits and other receivables within our current assets

The site area information in this prospectus is derived on the following basis:

- when we have received the land use rights certificates, as specified in such land use rights certificates; and
- before we have received the land use rights certificates, as specified in the relevant land grant contracts related to the projects excluding, however, areas earmarked for public infrastructure such as roads and community recreation zones.

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

- for completed projects, if we have obtained records of acceptance examination upon project completion, as specified in such records of acceptance examination upon project completion or, where such records are not yet available, based on our internal records and estimates;
- for projects under development or held for future development,
 - if we have obtained the construction work commencement permits, as specified in such permits;
 - if we have not yet obtained the construction work commencement permits, but have obtained the construction work planning permits, as specified in such construction work planning permits; and

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- if none of the above permits is otherwise available, as specified in land grant contracts and master investment agreements we entered into with regulatory authorities in the PRC or based on our internal records and estimates.
- if we have obtained the pre-sale permit for commodity property for the projects, the saleable GFA information refers to the saleable GFA in these permits;

As some of our projects comprise multiple-phase developments on a rolling basis, these projects may include different phases that are at various stages of completion, under development or held for future development.

Projects Developed Through Our Subsidiaries

The table below sets forth the details of our property development projects developed by our subsidiaries as of October 31, 2015:

	Project	Site area (sq. m.)	COMPLETED				UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT						
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's attributable market value (RMB in millions)	Group's beneficial interest (%)	Reference to property valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable remaining unsold (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)	
FUZHOU																	
1	Rongxin Super Star City Phase I (融信•第一城一期) Basement (including car parks)	49,787	Sept. 2004	Nov. 2004	Oct. 2006	229	—	5	4	92,666	— ⁽¹⁾	860	—	—	—	—	
2	Rongxin Super Star City Phase III (融信•第一城三期) Basement (including car parks)	41,802	June 2006	Sept. 2006	Apr. 2009	302	—	5	4	92,558	— ⁽¹⁾	720	—	—	—	—	
3	Rongxin Spanish (融信•西班牙) Basement (including car parks)	59,401	Sept. 2006	Mar. 2007	Sept. 2009	456	—	2	3	109,761	— ⁽¹⁾	221	—	—	—	—	
4	Broad View (融信•宽城) Basement (including car parks)	62,495	Apr. 2007	July 2007	May 2010	637	—	13	4	163,238	— ⁽¹⁾	2,502	—	—	—	—	
5	David City (融信•大都会) Residential Commercial Ancillary	191,255	Sept. 2007	Nov. 2009	May 2013	3,286	—	452	2	430,355	405,665	32,817	—	—	—	—	
6	Lan County (融信•澜郡) Residential <i>Resettlement property</i> ⁽²⁾ Ancillary	69,618	Mar. 2012	July 2012	Aug. 2014	3,057	18	627	5	269,859	262,594	60,600	—	—	—	—	
										193,021	192,825	29,996	—	—	—	—	
										29,837	—	29,837	—	—	—	—	
										6,287	3,866	—	—	—	—	—	
7	The White House (融信•白邸) Basement (including car parks) Phase I Residential Commercial Hotel Ancillary	134,789	Sept. 2013	Dec. 2013	Aug. 2017	2,637	1,407	2,600	13	—	—	—	407,424	335,573	140,394	—	
			Sept. 2013	Dec. 2013	Dec. 2015	—	—	—	199,119	145,973	60,369	—	—	—			
			—	—	—	112,393	111,955	59,054	2,942	2,942	—	—	—				
										39,035	—	—	—	—	—		
										6,214	—	—	—	—	—	—	
										38,536	31,076	1,315	—	—	—	—	

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Project	Site area (sq. m.)	COMPLETED										UNDER DEVELOPMENT					HELD FOR FUTURE DEVELOPMENT	
		Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)		
Phase 2																		
Residential		Sept. 2013	Dec. 2013	Jan. 2016									164,451	149,684	63,177			
Commercial												117,620	117,162	61,801				
Hotel												—	—	—				
Ancillary												—	—	—				
Basement (including car parks)												6,503	—	—				
Phase 3												40,328	32,522	1,377				
Residential		Dec. 2014	Oct. 2015	Aug. 2017								43,854	39,916	16,847				
Commercial												31,365	31,243	16,480				
Hotel												—	—	—				
Ancillary												—	—	—				
Basement (including car parks)												1,734	—	—				
Pingtan David City (德信•平潭大衛城)												10,754	8,672	367				
Phase 1	111,320	Aug. 2013	Mar. 2014	Nov. 2016	1,713	873	51%	1,109	14	—	—	426,928	322,579	174,114	—	—		
Residential		Aug. 2013	Mar. 2014	Apr. 2016								260,426	196,773	106,210	—	—		
Commercial												181,167	140,029	100,573	—	—		
Ancillary												21,253	15,342	357	—	—		
Basement (including car parks)												5,690	—	—	—	—		
Phase 2		Aug. 2013	Oct. 2014	Nov. 2016								52,316	41,402	5,279	—	—		
Residential												166,502	125,806	67,905	—	—		
Commercial												115,828	89,527	64,301	—	—		
Ancillary												13,588	9,809	228	—	—		
Basement (including car parks)												3,638	—	—	—	—		
The Coast (德信•後海)												33,448	26,470	3,375	—	—		
Phase 1	49,959	July 2014	Sept. 2014	Sept. 2016	1,267	460	100%	1,178	15	—	—	165,979	147,787	64,433	—	—		
Residential		July 2014	Sept. 2014	Mar. 2016								120,554	104,854	42,526	—	—		
<i>Resettlement property⁽²⁾</i>												79,929	77,658	42,526	—	—		
Commercial												32,956	32,956	—	—	—		
Ancillary												—	—	—	—	—		
Basement (including car parks)												2,426	—	—	—	—		
Phase 2												38,200	27,196	—	—	—		
Residential		Dec. 2014	June 2015	Sept. 2016								45,425	42,933	21,907	—	—		
<i>Resettlement property⁽²⁾</i>												41,176	40,005	21,907	—	—		
Commercial												<i>16,978</i>	—	—	—	—		
Ancillary												3,000	2,928	—	—	—		
Basement (including car parks)												1,250	—	—	—	—		

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	Project	Site area	COMPLETED				UNDER DEVELOPMENT					HELD FOR FUTURE DEVELOPMENT					
			Actual/ Estimated construction commencement date	Actual/ Estimated construction commencement date	Actual/ Estimated construction completion date	Estimated future development costs to be incurred	Group's beneficial interest	Group's attributable market value	Reference to property valuation report	GFA completed	Saleable GFA	Saleable GFA remaining unsold	Planned GFA under development	Planned saleable GFA pre-sold	Estimated GFA without land use rights certificates		
		(sq. m.)				(RMB in millions)	(RMB in millions)	(%)	(RMB in millions)		(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	
10	The Twin Harbor City (德信•雙栢城)	259,519	Feb. 2015	Apr. 2015	Aug. 2018	3,436	9,547	100%	3,069	18,354.2	—	—	233,844	202,175	27,550	271,801	516,344
	Phase 1		Feb. 2015	Apr. 2015	Aug. 2017								76,239	70,171	27,550	—	—
	Residential												—	—	—	—	—
	Resettlement property ⁽²⁾												—	—	—	—	—
	Commercial												2,486	2,441	—	—	—
	Hotel												—	—	—	—	—
	Office												—	—	—	—	—
	Ancillary												61,658	60,698	27,550	—	—
	Basement (including car parks)												4,621	—	—	—	—
	Phase 2		Feb. 2015	Dec. 2015	Aug. 2017								7,474	7,032	—	—	—
	Residential												47,283	39,763	—	—	—
	Resettlement property ⁽²⁾												15,707	11,387	—	—	—
	Commercial												—	—	—	—	—
	Hotel												9,944	9,763	—	—	—
	Office												—	—	—	—	—
	Ancillary												—	—	—	—	—
	Basement (including car parks)												1,848	—	—	—	—
	Phase 3		Apr. 2015	Dec. 2015	Oct. 2017								19,784	18,614	—	116,237	—
	Residential												74,982	66,621	—	75,389	—
	Resettlement property ⁽²⁾												14,398	10,438	—	45,505	—
	Commercial												—	—	—	9,463	—
	Hotel												—	—	—	—	—
	Office												41,105	40,465.24	4,860	—	—
	Ancillary												2,773	—	—	—	—
	Basement (including car parks)												16,706	15,718	—	26,526	—
	Phase 4		June 2015	Jan. 2016	Oct. 2017								35,340	25,620	—	75,998	—
	Residential												35,340	25,620	—	68,927	—
	Resettlement property ⁽²⁾												—	—	—	41,604	—
	Commercial												—	—	—	7,071	—
	Hotel												—	—	—	—	—
	Office												—	—	—	—	—
	Ancillary												—	—	—	—	—
	Basement (including car parks)												—	—	—	—	—
	Phase 5		Jan. 2016	Mar. 2016	Oct. 2017								—	—	—	79,566	—
	Residential												—	—	—	71,081	—
	Resettlement property ⁽²⁾												—	—	—	42,904	—

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Project	COMPLETED										UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT	
	Site area	Actual/	Actual/	Actual/	Development costs incurred	Estimated future development costs to be incurred	Group's beneficial interest	Group's attributable market value	Reference to property valuation report	GFA completed	Saleable GFA	Saleable remaining unsold	Planned GFA under development	Planned saleable GFA pre-sold	Estimated GFA	Estimated GFA without land use rights certificates
		Estimated construction commencement date	Estimated presale commencement date	Estimated construction completion date												
Ancillary																
Basement (including car parks)																
Phase 2		Sept. 2015	Jan. 2016	Nov. 2017												
Residential																
Resettlement property ⁽²⁾																
Commercial																
Resettlement property ⁽²⁾																
Office																
Ancillary																
Basement (including car parks)																
Phase 3		Jan. 2016	Apr. 2016	Jan. 2018												
Residential																
Resettlement property ⁽²⁾																
Commercial																
Resettlement property ⁽²⁾																
Office																
Ancillary																
Basement (including car parks)																
Phase 4		Jan. 2016	Apr. 2016	Jan. 2018												
Residential																
Resettlement property ⁽²⁾																
Commercial																
Resettlement property ⁽²⁾																
Office																
Ancillary																
Basement (including car parks)																
Subtotal	1,215,142									1,158,437	668,259	97,721	1,441,916	1,188,041	406,491	307,822
Attributable subtotal ⁽⁵⁾										1,158,437	668,259	97,721	1,196,053	999,776	308,540	307,822
XIAMEN																
Ocean City (融创•海上城)	151,344	Jan. 2013	Sept. 2013	Oct. 2016	3,058	1,692	100%	4,707	11,20.37	130,711	126,535	126,535	298,944	202,100	80,998	1,000
Phase 1		Jan. 2013	Sept. 2013	Sept. 2015						130,711	126,535	126,535	—	—	—	—
Commercial										4,336	4,335	4,335	—	—	—	—
Hotel										—	—	—	—	—	—	—
Office										125,850	122,200	122,200	—	—	—	—
Ancillary										526	—	—	—	—	—	—

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	Project	Site area	COMPLETED						UNDER DEVELOPMENT						HELD FOR FUTURE DEVELOPMENT	
			Actual/ Estimated construction commencement date	Actual/ Estimated construction commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	GFA completed	Saleable GFA	Saleable remaining unsold	Planned GFA under development	Planned saleable GFA pre-sold	Estimated GFA without land use rights certificates
	Basement (including car parks)															
13	Phase 2	May 2013	Oct. 2014	Jan. 2016												
	Commercial															
	Hotel															
	Office															
	Ancillary															
	Basement (including car parks)															
	Phase 3	May 2013	Oct. 2014	Oct. 2016												
	Commercial															
	Hotel															
	Office															
	Ancillary															
	Basement (including car parks)															
	Subtotal									130,711	126,535	298,944	202,100	80,998	1,000	—
	Attributable subtotal ⁽⁵⁾									130,711	126,535	298,944	202,100	80,998	1,000	—
	ZHANGZHOU															
	Lan Garden (蘭信瀾園)															
	Phase 1	Apr. 2011	May 2012	Dec. 2015		50	100%	1,062	10.21	180,941	170,491	5,383	141,350	120,526	—	—
	Residential	Apr. 2011	May 2012	Jun. 2015						180,941	170,491	5,383	—	—	—	—
	Ancillary									144,589	144,589	723	—	—	—	—
	Basement (including car parks)									1,839	—	—	—	—	—	—
	Phase 2	Oct. 2011	Oct. 2012	Dec. 2015						34,513	25,902	4,660	141,350	120,526	—	—
	Residential									—	—	—	107,506	104,343	—	—
	Ancillary									9,485	—	—	—	—	—	—
	Basement (including car parks)									24,359	16,858	16,183	16,858	16,183	—	—
14	Festival City (蘭信觀山海)															
	Residential	94,190	Dec. 2013	Sep. 2014	Nov. 2016	992	100% ⁽³⁾	1,143	23	—	—	—	272,969	268,311	63,162	—
	Commercial									198,173	198,173	62,735	198,173	198,173	—	—
	Ancillary									6,791	6,791	—	6,791	6,791	—	—
	Basement (including car parks)									1,410	—	—	—	—	—	—
	Future City (蘭信未來城)															
15	Residential	41,645	May 2014	Mar. 2015	Aug. 2016	576	100%	592	22	—	—	—	155,424	146,131	37,421	—
	Recreation property ⁽²⁾									109,824	104,810	37,421	109,824	104,810	—	—
	Commercial									5,014	5,014	—	5,014	5,014	—	—
	Ancillary									4,957	4,455	—	4,957	4,455	—	—

BUSINESS

	Project	Site area	COMPLETED				UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT					
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)
16	Basement (including car parks)															
	College City (學院名義)	71,218														
	Phase 1															
	Residential	Jan. 2015	Sept. 2015	Jan. 2018	706	729	100%	724	25	—	—	—	36,866	—	—	—
	Commercial	Jan. 2015	Sept. 2015	Dec. 2017						—	—	—	180,732	17,559	—	—
	Office												58,701	17,559	—	—
	Ancillary												44,599	17,559	—	—
	Basement (including car parks)												—	—	—	—
	Phase 2												—	—	—	—
	Residential	Jan. 2015	Jan. 2016	Jan. 2018						—	—	—	12,638	—	—	—
17	Commercial												11,058	—	—	—
	Office												122,031	—	—	—
	Ancillary												90,550	—	—	—
	Basement (including car parks)												2,849	—	—	—
	Zhangzhou Harbor B8 Lot (漳州港B8)	69,988											—	—	—	—
	Residential	Oct. 2015	Jan. 2016	Dec. 2018	548	685	100% ⁽³⁾	531	26	—	—	—	25,660	—	—	—
	Commercial												138,553	—	—	—
	Office												97,849	—	—	—
	Ancillary												652	—	—	—
	Basement (including car parks)												8,220	—	—	—
18	SHANGHAI															
	Imperial Villa (御信•藍灣)	121,377														
	Phase 1															
	Residential	Mar. 2014	July 2014	July 2016	2,471	430	51%	1,245	31	—	—	—	203,772	46,620	—	—
	Commercial	Mar. 2014	July 2014	July 2016									119,034	14,919	—	—
	Ancillary												39,189	14,919	—	—
	Basement (including car parks)												2,005	—	—	—
	Phase 2												1,101	—	—	—
	Residential	Apr. 2014	Dec. 2014	July 2016									688	—	—	—
	Commercial												78,056	—	—	—
19	Basement (including car parks)												32,400	12,121	—	—
	Phase 2												30,114	12,121	—	—
	Residential												31,841	12,121	—	—
	Commercial												1,629	—	—	—
	Ancillary												559	—	—	—
	Basement (including car parks)												—	—	—	—
	Phase 2												—	—	—	—
	Residential												—	—	—	—
	Commercial												—	—	—	—
	Ancillary												—	—	—	—

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	Project	Site area (sq. m.)	COMPLETED						UNDER DEVELOPMENT						HELD FOR FUTURE DEVELOPMENT		
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's attributable market value (RMB in millions)	Group's beneficial interest (%)	Reference valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Planned saleable GFA Estimated pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)
	Basement (including car parks)																
Phase 3																	
Residential		July 2014	June 2015	July 2016													
<i>Resettlement property⁽²⁾</i>																	
Commercial																	
Ancillary																	
Basement (including car parks)																	
Phase 4																	
Residential		Oct. 2014	Sept. 2015	July 2016													
<i>Resettlement property⁽²⁾</i>																	
Commercial																	
Ancillary																	
Basement (including car parks)																	
Subtotal																	
Attributable subtotal⁽⁵⁾		121,377															
HANGZHOU																	
Blue Peacock Phase I (杭州藍孔雀一期)		28,215															
Phase 1																	
Residential		Aug. 2014	Oct. 2014	Sept. 2016	1,740	185	908	51%	28	—	—	—	124,177	120,670	35,618	—	—
Commercial		Aug. 2014	Oct. 2014	Aug. 2016						—	—	—	65,438	64,140	13,179	—	—
Ancillary													30,249	30,249	13,179	—	—
Basement (including car parks)													—	—	—	—	—
Phase 2																	
Residential		Aug. 2014	Apr. 2015	Aug. 2016									1,298	—	—	—	—
Commercial													33,890	33,890	—	—	—
Ancillary													20,463	19,621	8,548	—	—
Basement (including car parks)													19,621	19,621	8,548	—	—
Phase 3													—	—	—	—	—
Residential		Aug. 2014	June 2015	Sept. 2016									842	—	—	—	—
Commercial													—	—	—	—	—
Ancillary													36,908	13,891	13,891	—	—
Basement (including car parks)													31,885	31,885	13,891	—	—
Phase 3													5,024	5,024	—	—	—
Residential													1,368	—	—	—	—
Commercial													—	—	—	—	—
Ancillary													—	—	—	—	—
Basement (including car parks)													—	—	—	—	—
Blue Peacock Phase II (杭州藍孔雀二期)		56,521											204,115	190,401	18,289	—	—
Phase 1													94,996	83,485	5,121	—	—
Residential		Mar. 2015	May 2015	Dec. 2016									37,040	37,040	5,121	—	—
Commercial		Mar. 2015	May 2015	Dec. 2016									—	—	—	—	—

Project	Site area	COMPLETED					UNDER DEVELOPMENT					HELD FOR FUTURE DEVELOPMENT				
		Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred	Estimated future development costs to be incurred	Group's beneficial interest	Group's attributable market value	Reference to property valuation report	GFA completed	Saleable GFA	Saleable remaining unsold	Planned GFA under development	Planned saleable GFA	Planned saleable GFA pre-sold	Estimated GFA without land use rights certificates
		(sq. m.)			(RMB in millions)	(RMB in millions)	(%)	(RMB in millions)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)	(sq. m.)
Ancillary																Estimated GFA
Basement (including car parks)																
Phase 2		Mar. 2015	Sep. 2015	Dec. 2016												
Residential																
Commercial																
Ancillary																
Basement (including car parks)																
Phase 3		Mar. 2015	Oct. 2015	Jan. 2017												
Residential																
Commercial																
Ancillary																
Basement (including car parks)																
Hangzhou Mansion (杭州公館)	45,574	May 2015	Aug. 2015	Sep. 2016	4,024	1,108	100%	3,789	30	—	—	212,829	156,436	16,951	—	—
Phase 1		May 2015	Aug 2015	Sep. 2016								136,441	93,018	7,459		
Residential												56,843	49,828	7,459		
Commercial												7,046	—	—		
Resettlement property ⁽²⁾												—	—	—		
Ancillary												—	—	—		
Basement (including car parks)												3,176	—	—		
Phase 2		May 2015	Sep. 2015	Sep. 2016								76,421	43,190	—		
Residential												76,388	63,418	9,493		
Commercial												72,346	63,418	9,493		
Resettlement property ⁽²⁾												8,967	—	—		
Ancillary												—	—	—		
Basement (including car parks)												4,043	—	—		
Subtotal	130,310									—	—	541,120	467,507	70,859	—	—
Attributable subtotal ⁽⁵⁾										—	—	380,258	315,082	44,444	—	—
Total	1,951,979									1,470,089	965,285	229,639	3,374,781	2,851,161	843,635	308,822
Attributable total ⁽⁵⁾										1,470,089	965,285	229,639	2,868,207	2,432,650	696,425	308,822

Notes:

(1) These are legacy projects substantially sold out save for the residual saleable GFA unsold shown in the next column.

(2) See the section headed “—Construction of Resettlement Housing” below. We recognize revenue from resettlement property construction under “revenue from construction contracts,” and we do not carry the relevant properties on our balance sheet. See the section headed “Financial Information” in this prospectus.

(3) A portion of our equity interest in this project was transferred in favor of trust companies or other financial institutions in relation to certain of our trust and other borrowings. See the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and other borrowings” in this prospectus.

(4) Our beneficial interest in this project was reduced to 51% after the completion of Fujian Ou Construction’s investment. See the section headed “Summary and Highlights—Recent Developments—Developments in Our Business” in this prospectus.

(5) As weighted by the Group’s beneficial interest.

BUSINESS

Description of Projects

Fuzhou

(1) *RONGXIN SUPER STAR CITY PHASE I* (融信•第一城一期)



Rongxin Super Star City Phase I is a residential and commercial property project located in Cangshan district (倉山區) of Fuzhou. Rongxin Super Star City Phase I was developed by Rongxin Group. In July 2003, the project company entered into a land grant contract relating to Rongxin Super Star City Phase I, Rongxin Super Star City Phase III and Broad View at a total consideration of RMB247 million. As of the Latest Practicable Date, the land premium had been fully paid. As of October 31, 2015, we still held certain car parks for sale.

The project occupies an aggregate site area of approximately 49,787 sq.m. and consists of residential units and commercial properties. All of the residential units and commercial properties have been sold.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual construction period	
— Commencement.....	September 2004
— Completion	October 2006
Attributable interest to our Group	100%

For further information, please refer to Property No.4 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(2) *RONGXIN SUPER STAR CITY PHASE III* (融信•第一城三期)



Rongxin Super Star City Phase III is a residential and commercial property project located in Cangshan district of Fuzhou. Rongxin Super Star City Phase III was developed by Rongxin Group. In July 2003, the project company entered into a land grant contract relating to Rongxin Super Star City Phase I, Rongxin Super Star City Phase III and Broad View at a total consideration of RMB247 million. As of the Latest Practicable Date, the land premium had been fully paid. As of October 31, 2015, we still held certain car parks for sale.

The project occupies an aggregate site area of approximately 41,802 sq.m. and consists of residential units and commercial properties. All of the residential units and commercial properties have been sold.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual construction period

— Commencement.....	June 2006
— Completion	April 2009
Attributable interest to our Group	100%

For further information, please refer to Property No.4 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(3) *RONGXIN SPANISH* (融信•西班牙)



Rongxin Spanish is a residential and commercial property project located in a prime location in Cangshan district of Fuzhou. Rongxin Spanish was developed by Rongxin Group. In July 2005, the project company entered into a land grant contract relating to the project at a consideration of RMB134 million. As of the Latest Practicable Date, the land premium had been fully paid. As of October 31, 2015, we still held certain car parks for sale.

The project occupies an aggregate site area of approximately 59,401 sq.m. and consists of residential units and commercial properties. All of the residential units and commercial properties have been sold.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual construction period	
— Commencement.....	September 2006
— Completion	September 2009
Attributable interest to our Group	100%

For further information, please refer to Property No.3 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(4) **BROAD VIEW** (融信•寬域)



Broad View is a residential property project located in Cangshan district of Fuzhou. Broad View was developed by Rongxin Group. In July 2003, the project company entered into a land grant contract relating to Rongxin Super Star City Phase I, Rongxin Super Star City Phase III and Broad View at a total consideration of RMB247 million. As of the Latest Practicable Date, the land premium had been fully paid. As of October 31, 2015, we still held certain car parks for sale.

The project occupies an aggregate site area of approximately 62,495 sq.m. and consists of residential units and commercial properties. All of the residential units and commercial properties have been sold.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual construction period	
— Commencement.....	April 2007
— Completion	May 2010
Attributable interest to our Group	100%

For further information, please refer to Property No.4 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(5) *DAVID CITY* (融信•大衛城)



David City is a residential and commercial property project located in a prime location in Cangshan district of Fuzhou adjacent to Jinshan Wetland Park. David City was developed by Rongxin Group. In November 2005, the project company entered into a land grant contract relating to the project at a consideration of RMB500 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 191,255 sq.m. and consists of high-rise apartments, high-end low-density properties and commercial properties. All of the residential and commercial units have been sold or are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual construction period	
— Commencement	September 2007
— Completion	May 2013
Total saleable GFA completed (sq.m.)	405,665
Total saleable GFA completed delivered (sq.m.)	372,848
Attributable interest to our Group	100%

For further information, please refer to Property No.2 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(6) *LAN COUNTY* (融信•瀾郡)



Lan County is a residential property project located in a prime location in Gulou district (鼓樓區) of Fuzhou. Lan County is developed by Fuzhou Investment. In June 2011, the project company entered into a land grant contract relating to the project at a consideration of RMB1,632 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 69,618 sq.m. and consists of three areas with 15 high-rise apartment buildings. All of the residential units (except for resettlement property) are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	March 2012
— Completion	August 2014
Total saleable GFA completed (sq.m.)	262,594
Total saleable GFA completed delivered (sq.m.)	201,994
Total GFA of resettlement property completed (sq.m.)	29,837 ⁽¹⁾
Attributable interest to our Group	100%

Note:

(1) For details of our resettlement property, see “—Construction of Resettlement Housing.”

BUSINESS

For further information, please refer to Property No.5 of the Property Valuation Report in Appendix III to this prospectus.

Lan County was recognized as a Western Taiwan Straits Five Star Development (海西五星級樓盤) by Fujian Daily (福建日報) in 2012 and a Property of Excellent Quality in Fuzhou (福州品質好樓盤) by SouFun.com (搜房網) in 2013.

(7) **THE WHITE HOUSE** (融信•白宮)



The White House is a residential and commercial complex property project located in a prime location in Cangshan district of Fuzhou adjacent to the Wulong River. The White House is developed by Rongxin (Fuzhou) Property Co., Ltd. In December 2012, the project company entered into a land grant contract relating to the project at a consideration of RMB1,121 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project will occupy an aggregate site area of approximately 134,789 sq.m. and is expected to consist of high-rise apartments, shopping streets and a hotel. All of the residential units and commercial properties of the project are intended for sale while we hold the hotel for investment.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	September 2013
— Completion	August 2017
Total saleable GFA under development (sq.m.)	335,573
Total saleable GFA under development pre-sold (sq.m.)	140,394
Attributable interest to our Group	91%

For further information, please refer to Property No.13 of the Property Valuation Report in Appendix III to this prospectus.

The White House was recognized as a China Real Estate Outstanding Brand Property Project (中國房地產優秀品牌項目) by China Real Estate Association (中國房地產協會), China Real Estate Research Association (中國房地產研究會) and China Real Estate Evaluation Center (中國房地產評測中心) in 2013.

(8) *PINGTAN DAVID CITY* (融信•(平潭)大衛城)

Pingtang David City is a residential and commercial complex property project located in Pingtan Comprehensive Experimental Zone (平潭綜合實驗區) of Fuzhou. Pingtan David City is developed by Rongxin (Pingtan) Investment Development Co., Ltd. In December 2012 and January 2013, the project company entered into two land grant contracts relating to the project at a total consideration of RMB782 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project will occupy an aggregate site area of approximately 111,320 sq.m. and is expected to consist of high-rise apartments and shopping streets. All of the residential and commercial units of the project are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	August 2013
— Completion	November 2016
Total saleable GFA under development (sq.m.)	322,579
Total saleable GFA under development pre-sold (sq.m.)	174,114
Attributable interest to our Group	51%

For further information, please refer to Property No.14 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(9) *THE COAST* (融信•後海)

The Coast is a residential and commercial property project located in a prime location in Jin'an district (晉安區) of Fuzhou. The Coast is developed by Rongxin (Fujian) Property Co., Ltd. In July 2013, the project company entered into a land grant contract relating to the project at a consideration of RMB925 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project will occupy an aggregate site area of approximately 49,959 sq.m. and is expected to mainly consist of high-rise apartments with a balanced mix of natural and cultural environment. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	July 2014
— Completion	September 2016
Total saleable GFA under development (sq.m.)	147,787
Total saleable GFA under development pre-sold (sq.m.)	64,433
Total planned GFA of resettlement property under development (sq.m.)	49,934 ⁽¹⁾
Attributable interest to our Group	100%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.15 of the Property Valuation Report in Appendix III to this prospectus.

(10) *THE TWIN HARBOR CITY* (融信•雙杭城)

The Twin Harbor City is a residential, office and commercial complex property project. This project is located in Taijiang district (台江區) of Fuzhou. The Twin Harbor City is developed by Fuzhou Rongxin Shuanghang Investment Development Co., Ltd. In February 2014, the project company entered into a land grant contract relating to the project at a consideration of RMB5,620 million. As of the Latest Practicable Date, we had paid the portion of the land premium which had become due under the land grant contract, with a balance of RMB2,810 million outstanding. As advised by our PRC legal advisors, FenXun Partners, the land grant contract stipulates that land premium is due only when the government has delivered the relevant portions of the land to us. Therefore, as of the Latest Practicable Date, we did not have any unpaid overdue amount of land premiums in relation to this project.

The project will occupy an aggregate site area of approximately 259,519 sq.m. and is expected to consist of high-rise apartments, high-end low-density properties and commercial properties. The project also includes certain reserved historic areas. All of the residential and commercial units (except for resettlement property) of the project are intended for sale.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement	February 2015
— Completion	August 2018
Total saleable GFA under development (sq.m.).....	202,175
Total saleable GFA under development pre-sold (sq.m.)	27,550
Total estimated GFA of resettlement property held for future development (sq.m.)	476,530 ⁽¹⁾
Attributable interest to our Group	100%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.18, No.35 and No.42 of the Property Valuation Report in Appendix III to this prospectus.

(11) *THE LONG ISLAND* (長樂•長島)

The Long Island is a residential and commercial property project located in a prime location in Changle (長樂市) of Fuzhou. The Long Island is developed by Changle Rongxin Investment Co., Ltd. In May 2014, the project company entered into a land grant contract relating to the project at a consideration of RMB1,300 million. As of the Latest Practicable Date, a portion of the land premium in the amount of RMB650.0 million was outstanding. Our delay in paying land premium was primarily due to the local government’s delay in progressing resettlement work in this project. See “—Our Property Development Management—Land Acquisition—Delay in Payment of Land Premium” below.

The project will occupy an aggregate site area of approximately 185,196 sq.m. and is expected to consist of high-rise apartments, office and commercial properties. All of the residential, office and commercial units (except for resettlement property) are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	September 2015
— Completion	January 2018
Total saleable GFA under development (sq.m.).....	179,927
Total saleable GFA under development pre-sold (sq.m.)	—
Total GFA of resettlement property held for future development (sq.m.)	207,000 ⁽¹⁾
Attributable interest to our Group	100%

Note:

(1) For more details, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.19, No.36 and No.43 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

Xiamen

(12) *OCEAN CITY* (融信•海上城)

Ocean City is a office, hotel and commercial property project located in a prime location in Haicang district (海滄區) of Xiamen adjacent to the Haicang Bridge which connects Haicang district and Xiamen island. Ocean City is developed by Rongxin (Xiamen) Property Development Co., Ltd. In October 2012, the project company entered into a land grant contract relating to the project at a consideration of RMB871 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 151,344 sq.m. and consists of high-rise apartments, offices, a hotel and commercial properties. All of the residential, office and some of the commercial units are intended for sale while we hold the hotel and some of the commercial properties for investment.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	January 2013
— Completion	October 2016
Total saleable GFA under development (sq.m.)	202,100
Total saleable GFA under development pre-sold (sq.m.)	80,998
Attributable interest to our Group	100%

For further information, please refer to Property No.20 and No.37 of the Property Valuation Report in Appendix III to this prospectus.

Ocean City was recognized as one of the Top 10 Model Commercial Property of China Real Estate Development Enterprises by China Real Estate Association (中國房地產協會), China Real Estate Research Association (中國房地產研究會) and China Real Estate Evaluation Center (中國房地產評測中心) in 2014.

Zhangzhou

(13) *LAN GARDEN* (融信•瀾園)

Lan Garden is a residential property project located in a prime location in Longwen district (龍文區) of Zhangzhou adjacent to the city's biggest lake, the Green Lake Eco Park. Lan Garden is developed by Rongxin (Zhangzhou) Property Co., Ltd. In March 2007, the project company entered into a land grant contract relating to the project at a consideration of RMB263 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 56,766 sq.m. and consists of high-rise apartments, offices and a hotel. All of the residential units and commercial properties are intended for sale.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	April 2011
— Completion	December 2015
Total saleable GFA under development (sq.m.)	121,926
Total saleable GFA under development pre-sold (sq.m.)	120,526
Attributable interest to our Group	100%

For further information, please refer to Property No.10 and No.21 of the Property Valuation Report in Appendix III to this prospectus.

Lan Garden was recognized as a Western Taiwan Straits Five Star Development (海西五星級樓盤) by Fujian Daily (福建日報) and a New City Landmark in China (中國城市新地標) by Policy Research Center of Ministry of Housing and Urban-Rural Construction (住房和城鄉建設部政策研究中心), China Index Academy (中國指數研究院) and SouFun.com (搜房網) in 2012.

(14) *FESTIVAL CITY* (融信•觀山海)

Festival City is a residential and commercial property project located at the southern side of Nanbin Avenue and the western side of the 4th Zhaixi Road in Zhangzhou economic and technological development zone (漳州經濟技術開發區). Festival City is developed by Fujian Lanhu Property Development Co., Ltd. In December 2010, the project company entered into a land grant contract relating to the project at a consideration of RMB320 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 94,190 sq.m. and mainly consists of high-rise apartments. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	February 2014
— Completion	November 2016
Total saleable GFA under development (sq.m.)	268,311
Total saleable GFA under development pre-sold (sq.m.)	63,162
Attributable interest to our Group	100%

For further information, please refer to Property No.23 of the Property Valuation Report in Appendix III to this prospectus.

(15) *FUTURE CITY* (融信•未來城)

Future City is a residential and commercial property project located in a prime location in Longwen district of Zhangzhou. Future City is developed by Rongxin (Zhangzhou) Property Co., Ltd. In October 2013, the project company entered into a land grant contract relating to the project at a consideration of RMB300 million. As of the Latest Practicable Date, the land premium had been fully paid.

BUSINESS

The project occupies an aggregate site area of approximately 41,645 sq.m. and mainly consists of high-rise apartments. All of the residential and commercial units (except for resettlement property) are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	May 2014
— Completion	August 2016
Total saleable GFA under development (sq.m.)	146,131
Total saleable GFA under development pre-sold (sq.m.)	37,421
Total planned GFA of resettlement property under development (sq.m.)	5,014 ⁽¹⁾
Attributable interest to our Group	100%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.22 of the Property Valuation Report in Appendix III to this prospectus.

(16) COLLEGE CITY (學院名築)

College City is a residential and commercial property project located in Zhangzhou Harbor facing Xiamen Island across the sea. College City is developed by Hemei Zhangzhou Property. In November 2013, the project company entered into a land grant contract relating to the project at a consideration of RMB578 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 71,218 sq.m. and consists of high-rise apartments, high-end low-density properties and commercial properties. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement	January 2015
— Completion	January 2018
Total saleable GFA under development (sq.m.).....	171,508
Total saleable GFA under development pre-sold (sq.m.)	17,559
Attributable interest to our Group	100%

For further information, please refer to Property No.25 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(17) *ZHANGZHOU HARBOR B8 LOT* (漳州港B8)

Zhangzhou Harbor B8 Lot is a residential property project located in a prime location in Zhangzhou Harbor facing Xiamen island across the sea. Zhangzhou Harbor B8 Lot is developed by Hemei Zhangzhou Property. In November 2013, the project company entered into a land grant contract relating to the project at a consideration of RMB518 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 69,988 sq.m. and consists of high-rise apartments, high-end low-density properties and commercial properties. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement	October 2015
— Completion	December 2018
Total saleable GFA under development (sq.m.).....	126,819
Total saleable GFA under development pre-sold (sq.m.)	—
Attributable interest to our Group	100%

For further information, please refer to Property No.26 of the Property Valuation Report in Appendix III to this prospectus.

Shanghai

(18) *IMPERIAL VILLA* (融信•铂湾)

Imperial Villa is a residential property project located in Qingpu district (青浦區) of Shanghai. Imperial Villa is developed by Hemei (Shanghai) Property Development Co., Ltd. In April 2013, the project company entered into a land grant contract relating to the two parcels of land of this project at a total consideration of RMB1,412 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 121,377 sq.m. and consists of high-rise apartments and commercial properties. All of the residential and commercial units (except for resettlement property) are intended for sale.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	March 2014
— Completion	July 2016
Total saleable GFA under development (sq.m.)	158,818
Total saleable GFA under development pre-sold (sq.m.)	46,620
Total planned GFA of resettlement property under development (sq.m.)	6,266 ⁽¹⁾
Attributable interest to our Group	51%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.31 of the Property Valuation Report in Appendix III to this prospectus.

Hangzhou

(19) **BLUE PEACOCK PHASE I** (融信•藍孔雀一期)

Blue Peacock Phase I is a residential property project located in a prime location in Gongshu district (拱墅區) of Hangzhou. Blue Peacock Phase I is developed by Hangzhou Kaizhu Rongxin Property Development Co., Ltd. In October 2013, the project company entered into a land grant contract relating to the project at a total consideration of RMB1,260 million. As of the Latest Practicable Date, the land premium had been fully paid.

Blue Peacock Phase I occupies an aggregate site area of approximately 28,215 sq.m. and consists of high-rise apartments and commercial properties. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	August 2014
— Completion	September 2016
Total saleable GFA under development (sq.m.)	120,670
Total saleable GFA under development pre-sold (sq.m.)	35,618
Attributable interest to our Group	51%

For further information, please refer to Property No.28 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(20) *BLUE PEACOCK PHASE II* (融信•藍孔雀二期)

Blue Peacock Phase II is a residential property project adjacent to Blue Peacock Phase I. Blue Peacock Phase II is developed by Hangzhou Kaizhu Rongxin Property Development Co., Ltd. In October 2013, the project company entered into a land grant contract relating to the project at a total consideration of RMB2,200 million. As of the Latest Practicable Date, the land premium had been fully paid.

Blue Peacock Phase II occupies an aggregate site area of approximately 56,521 sq.m. and consists of high-rise apartments and commercial properties. All of the residential and commercial units are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement	March 2015
— Completion	January 2017
Total saleable GFA under development (sq.m.).....	190,401
Total saleable GFA under development pre-sold (sq.m.)	18,289
Attributable interest to our Group	51%

For further information, please refer to Property No.29 of the Property Valuation Report in Appendix III to this prospectus.

(21) *HANGZHOU MANSION* (杭州公館)

Hangzhou Mansion is a residential property project located in a prime location in Xihu district (西湖區) of Hangzhou. Hangzhou Mansion is developed by Hangzhou Kaisheng. In January 2014, the project company entered into a land grant contract relating to the project at a consideration of RMB3,385 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 45,574 sq.m. and mainly consists of high-rise apartments. All of the residential and commercial units (except for resettlement property) are intended for sale.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	May 2015
— Completion	September 2016
Total saleable GFA under development (sq.m.)	156,436
Total saleable GFA under development pre-sold (sq.m.)	16,951
Total estimated GFA of resettlement property under development (sq.m.)	16,013 ⁽¹⁾
Attributable interest to our Group	100%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.30 of the Property Valuation Report in Appendix III to this prospectus.

Projects Held by Our Joint Ventures and Associated Company

The table below sets forth the details of our property development projects developed by our joint ventures and associated company as of October 31, 2015:

	Project	Site area (sq. m.)	Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	COMPLETED				UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT		
											GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable remaining unsold (sq. m.)	GFA held for investment (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)	Estimated GFA with land use rights certificates (sq. m.)		
By Joint Ventures																					
1	FUZHOU																				
	Beyond City (世歐彼岸城)	152,995	Apr. 2007	June 2007	May 2011	1,395	—	40%	15	9	302,616	302,615	2,685	—	—	—	—	—	—	—	
	Residential										271,376	271,376	—	—	—	—	—	—	—	—	
	Commercial										7,822	7,822	1,126	—	—	—	—	—	—	—	
	Hotel										—	—	—	—	—	—	—	—	—	—	
2	Office										—	—	—	—	—	—	—	—	—	—	
	Ancillary										—	—	—	—	—	—	—	—	—	—	
	Basement (including car parks)										23,417	23,417	1,559	—	—	—	—	—	—	—	
	Riverside City (世歐上江城)	82,375	Jan. 2008	Jan. 2010	Apr. 2013	2,366	1	50%	37	8	236,983	236,983	7,342	—	—	—	—	—	—	—	
	Residential										201,116	201,116	143	—	—	—	—	—	—	—	
3	Commercial										5,118	5,118	178	—	—	—	—	—	—	—	
	Hotel										—	—	—	—	—	—	—	—	—	—	
	Office										—	—	—	—	—	—	—	—	—	—	
	Ancillary										—	—	—	—	—	—	—	—	—	—	
	Basement (including car parks)										30,749	30,749	7,022	—	—	—	—	—	—	—	
4	Lan Hill (世歐蘭山)	48,313	Sept. 2010	Aug. 2011	Feb. 2015	1,870	8	50%	126	6	168,758	148,939	11,196	—	—	—	—	—	—	—	
	Residential										120,130	118,979	242	—	—	—	—	—	—	—	
	Commercial										4,091	4,091	3,060	—	—	—	—	—	—	—	
	Ancillary										3,717	—	—	—	—	—	—	—	—	—	
	Basement (including car parks)										40,821	25,869	7,894	—	—	—	—	—	—	—	
4	Show Kingdom (世歐王莊)	250,709	May 2012	Mar. 2013	Jan. 2016	13,300	422	50%	6,226	7,121	1,133,354	866,049	145,764	234,086	476,865	381,144	226,154	—	—	—	
	Phase 1		May 2012	Mar. 2013	Nov. 2014						468,089	323,776	63,826	122,866	—	—	—	—	—	—	
	Residential										266,152	265,184	30,264	—	—	—	—	—	—	—	
	Commercial										191,894	191,894	17,760	—	—	—	—	—	—	—	
	Restatlement property ⁽¹⁾										5,079	419	339	4,563	—	—	—	—	—	—	
	Commercial										120	120	120	—	—	—	—	—	—	—	
	Restatlement property ⁽¹⁾										13,333	13,158	11,360	—	—	—	—	—	—	—	
	Office										2,859	—	—	540	—	—	—	—	—	—	
	Ancillary										—	—	—	—	—	—	—	—	—	—	
	Basement (including car parks)										180,667	45,015	21,863	117,763	—	—	—	—	—	—	
	Phase 2		May 2012	May 2013	Jan. 2016						—	—	—	—	—	—	—	—	—	—	
	Residential										—	—	—	—	—	—	—	—	—	—	
	Restatlement property ⁽¹⁾										—	—	—	—	—	—	—	—	—	—	
	Commercial										—	—	—	—	—	—	—	—	—	—	
	Restatlement property ⁽¹⁾										—	—	—	—	—	—	—	—	—	—	
Office										—	—	—	—	—	—	—	—	—	—		
															476,865	381,144	226,154	—	—	—	
															204,221	204,221	155,921	—	—	—	
															16,320	15,123	6,383	—	—	—	
															44,299	44,708	32,199	—	—	—	

	Project	Site area (sq. m.)	COMPLETED					UNDER DEVELOPMENT					HELD FOR FUTURE DEVELOPMENT					
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Estimated future development costs to be incurred	Group's beneficial interest	Group's attributable market value	Reference to property valuation report	GFA completed	Saleable GFA	Saleable GFA remaining unsold	(sq. m.)	(sq. m.)	(sq. m.)	Planned GFA under development	Planned saleable GFA pre-sold	Estimated GFA without land use rights certificates
	Ancillary																	
	Basement (including car parks)																	
Phase 3			May 2012	May 2013	Aug. 2015													
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Office																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Phase 4			May 2012	May 2013	June 2015													
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Office																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Phase 5			June 2013	Nov. 2013	Jan. 2016													
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Office																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Subtotal																		
Attributable subtotal⁽³⁾																		
ZHANGZHOU																		
Imperial Land (一品江山)																		
Phase 1																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Phase 2																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Subtotal																		
Attributable subtotal⁽³⁾																		
West Coast (海信·曙光西海岸)																		
Phase 1																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Office																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Subtotal																		
Attributable subtotal⁽³⁾																		
Imperial Land (一品江山)																		
Phase 1																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Subtotal																		
Attributable subtotal⁽³⁾																		
Imperial Land (一品江山)																		
Phase 1																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Subtotal																		
Attributable subtotal⁽³⁾																		
Imperial Land (一品江山)																		
Phase 1																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Subtotal																		
Attributable subtotal⁽³⁾																		
Imperial Land (一品江山)																		
Phase 1																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		
	Basement (including car parks)																	
Subtotal																		
Attributable subtotal⁽³⁾																		
Imperial Land (一品江山)																		
Phase 1																		
Residential																		
	<i>Resettlement property⁽¹⁾</i>																	
Commercial																		
	<i>Resettlement property⁽¹⁾</i>																	
Ancillary																		

	Project	Site area (sq. m.)	COMPLETED										UNDER DEVELOPMENT						HELD FOR FUTURE DEVELOPMENT	
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	GFA held for investment (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA (sq. m.)	Estimated land use rights certificates	
7	Phase 3																			
	Residential		Dec. 2014	Sept. 2015	Apr. 2017															
	Resettlement property ⁽¹⁾																			
	Commercial																			
	Ancillary																			
	Basement (including car parks)																			
	Subtotal																			
	Attributable subtotal ⁽³⁾																			
	SHANGHAI																			
French Legend (隱世法蘭西世家二期、三期)		113,400	July 2014	Oct. 2014	Jan. 2016	1,943	244	50%	1,104	32	—	—	—	174,863	133,812	72,979	—	—		
Phase 1																				
Residential		July 2014	Oct. 2014	Jan. 2016																
Resettlement property ⁽¹⁾																				
Commercial																				
Ancillary																				
Basement (including car parks)																				
Phase 2																				
Residential		July 2014	Dec. 2014	Jan. 2016																
Resettlement property ⁽¹⁾																				
Commercial																				
Ancillary																				
Basement (including car parks)																				
Shanghai Xujing Project (徐徑鎮會展中心3地塊一期、二期、三期、四期)		184,293	Nov. 2014	Mar. 2015	Aug. 2018	6,136	6,552	50%	3,379	33	—	—	—	800,696	655,967	26,915	—	—		
Phase 1																				
Commercial		Nov. 2014	Mar. 2015	Dec. 2016																
Hotel																				
Office																				
Ancillary																				
Basement (including car parks)																				
Phase 2																				
Commercial		Nov. 2014	Oct. 2015	Dec. 2017																
Hotel																				
Office																				
Ancillary																				
Basement (including car parks)																				
Subtotal																				
Attributable subtotal ⁽³⁾																				

BUSINESS

	Project	Site area (sq. m.)	COMPLETED				UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT									
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	GFA held for investment (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)		
9	Phase 3 Commercial Hotel Office Ancillary Basement (including car parks)	Mar. 2015	Sept. 2016	Mar. 2018	460	520	50%	241	34	—	—	—	—	91,020	65,073	698	—	—	—	
	Commercial																			
	Hotel																			
	Office																			
	Ancillary																			
	Phase 4 Commercial Hotel Office Ancillary Basement (including car parks)	Oct. 2015	Sept. 2016	Aug. 2018	460	520	50%	241	34	—	—	—	91,020	65,073	698	—	—	—		
	Commercial																			
	Hotel																			
	Office																			
	Ancillary																			
Shanghai Huacao Lot I (闵行區華漕鎮MHPO-1402單元41-02地塊)	26,360	Mar. 2015	June 2015	July 2016	460	520	50%	241	34	—	—	—	—	91,020	65,073	698	—	—	—	
Residential Commercial Hotel Office Ancillary Basement (including car parks)																				
10	Shanghai Huacao Lot II (闵行區華漕鎮MHPO-1402單元35-01地塊)	13,456	Jan. 2016	June 2016	Dec. 2016	214	296	50%	109	40	—	—	—	—	—	—	—	48,227	—	—
	Residential Commercial Hotel Office Ancillary Basement (including car parks)																			
	Shanghai Huacao Lot III (闵行區華漕鎮MHPO-1402單元36-01地塊)	10,995	Feb. 2016	Oct. 2016	May 2017	175	231	25%	44	41	—	—	—	—	—	—	—	33,639	613	13,975
	Residential Commercial Hotel Office Ancillary Basement (including car parks)																			
	Shanghai Huacao Lot III (闵行區華漕鎮MHPO-1402單元36-01地塊)	10,995	Feb. 2016	Oct. 2016	May 2017	175	231	25%	44	41	—	—	—	—	—	—	—	33,639	613	13,975
	Residential Commercial Hotel Office Ancillary Basement (including car parks)																			
	Shanghai Huacao Lot III (闵行區華漕鎮MHPO-1402單元36-01地塊)	10,995	Feb. 2016	Oct. 2016	May 2017	175	231	25%	44	41	—	—	—	—	—	—	—	33,639	613	13,975
	Residential Commercial Hotel Office Ancillary Basement (including car parks)																			
	Shanghai Huacao Lot III (闵行區華漕鎮MHPO-1402單元36-01地塊)	10,995	Feb. 2016	Oct. 2016	May 2017	175	231	25%	44	41	—	—	—	—	—	—	—	33,639	613	13,975
	Residential Commercial Hotel Office Ancillary Basement (including car parks)																			

BUSINESS

	Project	Site area (sq. m.)	COMPLETED										UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT		
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	GFA held for investment (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA (sq. m.)	Estimated land use rights certificates
12	Shanghai Huacao Lot IV (匯行匯華漕鎮MHP0-1402單元42-01地塊)	30,922	Jan. 2016	June 2016	Dec. 2016	478	662	50%	—	45	—	—	—	—	—	—	—	106,744	—
	Residential																	8,940	—
	Commercial																	68,308	—
	Hotel																	1,965	—
	Office																	27,530	—
	Ancillary																	106,744	—
	Basement (including car parks)																	85,799	106,744
	Subtotal	379,425							—	—	—	—	—	1,066,579	854,852	100,592	85,799	33,507	53,372
	Attributable subtotal ⁽³⁾								—	—	—	—	—	533,290	427,426	50,296	33,507	86,838	106,744
	Total	1,132,935							1,841,711	1,554,586	166,987	234,086	2,291,976	1,906,161	613,972	306,986	34,026	53,372	53,372
	Attributable total ⁽³⁾								890,594	747,032	83,225	117,043	1,145,988	953,081	306,986	34,026	53,372	53,372	53,372

BUSINESS

	Project	Site area (sq. m.)	COMPLETED				UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT							
			Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference to property valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	Planned GFA under development (sq. m.)	Planned saleable GFA (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)	
1	By Associated Company																	
	ZHANGZHOU																	
	Zhangzhou Wanke City (漳州萬客城)	235,606	May 2014	July 2014	June 2018	2,126	3,225	20%	405	27,39,44	—	—	—	450,162	412,402	189,287	395,315	194,744
	Phase 1		May 2014	July 2014	Dec. 2016													—
	Residential																	
	Resettlement property ⁽¹⁾																	
	Commercial																	
	Resettlement property ⁽¹⁾																	
	Hotel																	
	Office																	
	Ancillary																	
	Basement (including car parks)																	
Phase 2		Oct. 2014	Apr. 2015	Dec. 2017														—
Residential																		
Resettlement property ⁽¹⁾																		
Commercial																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 3		Jan. 2016	Mar. 2016	June 2018														
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 4																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 5																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 6																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 7																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 8																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 9																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 10																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 11																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 12																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 13																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 14																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		
Resettlement property ⁽¹⁾																		
Hotel																		
Office																		
Ancillary																		
Basement (including car parks)																		
Phase 15																		
Residential																		
Commercial																		
Resettlement property ⁽¹⁾																		

Project	Site area (sq. m.)	COMPLETED				UNDER DEVELOPMENT				HELD FOR FUTURE DEVELOPMENT					
		Actual/ Estimated construction commencement date	Actual/ Estimated presale commencement date	Actual/ Estimated construction completion date	Development costs incurred (RMB in millions)	Estimated future development costs to be incurred (RMB in millions)	Group's beneficial interest (%)	Group's attributable market value (RMB in millions)	Reference valuation report	GFA completed (sq. m.)	Saleable GFA (sq. m.)	Saleable GFA remaining unsold (sq. m.)	Planned GFA development (sq. m.)	Planned saleable GFA pre-sold (sq. m.)	Estimated GFA without land use rights certificates (sq. m.)
Phase 4															
Residential		Jan. 2016	May 2016	June 2018											97,658
<i>Resettlement property⁽¹⁾</i>															73,394
Commercial															73,394
<i>Resettlement property⁽¹⁾</i>															—
Hotel															—
Office															—
Ancillary															—
Basement (including car parks)															—
Total	235,606														24,265
Attributable total⁽³⁾															194,744
															38,949

Notes:

- (1) See the section headed “—Construction of Resettlement Housing” below. We recognize revenue from resettlement property construction under “revenue from construction contracts,” and we do not carry the relevant properties on our balance sheet. See the section headed “Financial Information” in this prospectus.
- (2) Beyond City was one of the projects developed by Shitou Group, in which we hold a 50% equity interest. By agreement with our joint venture partner, we hold a 40% economic interest in this project.
- (3) As weighted by the Group's beneficial interest.

BUSINESS

Description of Projects

By Joint Ventures

Fuzhou

(1) **BEYOND CITY** (世歐彼岸城)

Beyond City is a residential and commercial property project located in a prime location in Cangshan district of Fuzhou. Beyond City was developed by Shiou Property. In December 2005, the project company entered into a land grant contract relating to the project at a consideration of RMB450 million. The project occupies an aggregate site area of approximately 152,995 sq.m. and consists of residential units and commercial properties. As of the Latest Practicable Date, the land premium had been fully paid. All of the residential and commercial units have been sold.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual construction period	
— Commencement.....	April 2007
— Completion	May 2011
Total saleable GFA completed (sq.m.)	302,615
Total saleable GFA completed delivered (sq.m.)	299,930
Attributable interest to our Group	40% ⁽¹⁾

Note:

- (1) Beyond City was developed by Shiou Group, in which we held a 50% equity interest. By agreement with our joint venture partner, we held a 40% attributable interest in this project.

For further information, please refer to Property No.9 of the Property Valuation Report in Appendix III to this prospectus.

(2) **RIVERSIDE CITY** (世歐上江城)

Riverside City is a residential and commercial property project located in a prime location in Cangshan district of Fuzhou. Riverside City was developed by Shiou Property. In January 2007 and September 2007, the project company entered into three land grant contracts relating to the project at a total consideration of RMB1,004 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 82,375 sq.m. and consists of high-rise apartments and commercial properties. All of the residential and commercial units are intended for sale.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual construction period	
— Commencement	January 2008
— Completion	April 2013
Total saleable GFA completed (sq.m.)	236,983
Total saleable GFA completed delivered (sq.m.)	229,641
Attributable interest to our Group	50%

For further information, please refer to Property No.8 of the Property Valuation Report in Appendix III to this prospectus.

(3) *LAN HILL* (世歐瀾山)



Lan Hill is a residential and commercial property project located in a prime location in Jin'an district of Fuzhou. Lan Hill is developed by Fuzhou Shiou Investment Development Co., Ltd. In July 2009, the project company entered into a land grant contract relating to the project at a consideration of RMB1,106 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 48,313 sq.m. and consists of high-rise apartments and commercial properties. All of the residential and commercial units are intended for sale.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	September 2010
— Completion	February 2015
Total saleable GFA completed (sq.m.)	148,939
Total saleable GFA completed delivered (sq.m.)	137,743
Attributable interest to our Group	50%

For further information, please refer to Property No.6 of the Property Valuation Report in Appendix III to this prospectus.

(4) **SHOW KINGDOM (世歐王莊)**

Show Kingdom is a residential and commercial property project located in a prime location in Jin'an district of Fuzhou. Show Kingdom is developed by Fujian Shiou Investment Development Co., Ltd. In February 2010, the project company entered into a land grant contract relating to the project at a consideration of RMB5,965 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 250,709 sq.m. and consists of high-rise apartments and commercial properties. All of the residential units (except for resettlement property) are intended for sale while we hold the shopping mall for investment.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	May 2012
— Completion	January 2016
Total saleable GFA completed (sq.m.)	866,049
Total saleable GFA completed delivered (sq.m.)	720,285
Total saleable GFA under development (sq.m.)	381,144
Total saleable GFA under development pre-sold (sq.m.)	226,154
Total GFA of resettlement property completed (sq.m.).....	864,894 ⁽¹⁾
Attributable interest to our Group	50%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.7, No.12 and No.17 of the Property Valuation Report in Appendix III to this prospectus.

BUSINESS

(5) *WEST COAST* (融信•陽光城西海岸)

West Coast is a residential, office and commercial property project located in Minhou district (閩侯區) of Fuzhou. West Coast is developed by Fuzhou Liboshuntai. In September 2012, the project company entered into a land grant contract relating to the project at a consideration of RMB541 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 124,827 sq.m. and consists of high-rise apartments and commercial properties. All of the residential units and commercial properties are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	June 2013
— Completion	January 2016
Total saleable GFA under development (sq.m.)	390,770
Total saleable GFA under development pre-sold (sq.m.)	256,990
Attributable interest to our Group	50%

For further information, please refer to Property No.16 of the Property Valuation Report in Appendix III to this prospectus.

Zhangzhou

(6) *IMPERIAL LAND* (一品江山)

Imperial Land of the City is a residential property project located in a prime location in Longwen district of Zhangzhou. Imperial Land is developed by Hairong (Zhangzhou) Property Development Co., Ltd. In October 2013, the project company entered into a land grant contract relating to the project at a consideration of RMB520 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 94,291 sq.m. and consists mainly of high-rise apartments. All of the residential and commercial units (except for resettlement property) are intended for sale.

BUSINESS

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	September 2014
— Completion	April 2017
Total saleable GFA under development (sq.m.).....	279,395
Total saleable GFA under development pre-sold (sq.m.)	30,235
Total planned GFA of resettlement property under development (sq.m.).....	11,509 ⁽¹⁾
Attributable interest to our Group	50%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.24 and No.38 of the Property Valuation Report in Appendix III to this prospectus.

Shanghai

(7) *FRENCH LEGEND* (融信•法蘭西世家一期、二期、三期)

French Legend is a residential property project located in Songjiang district (松江區) of Shanghai. In November 2013, French Legend is developed by Shanghai Kaidai. the project company entered into a land grant contract relating to the two parcels of land of this project at a total consideration of RMB1,237 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 113,400 sq.m. and consists of high-rise apartments and commercial properties. All of the residential and commercial units (except for settlement property) are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement	July 2014
— Completion	January 2016
Total saleable GFA under development (sq.m.)	133,812
Total saleable GFA under development pre-sold (sq.m.)	72,979
Total planned GFA of resettlement property under development (sq.m.)	5,804 ⁽¹⁾
Attributable interest to our Group	50%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

BUSINESS

For further information, please refer to Property No.32 of the Property Valuation Report in Appendix III to this prospectus.

(8) SHANGHAI XUJING PROJECT (徐涇鎮會展中心3地塊一期、二期、三期、四期)

Shanghai Xujing Project is a commercial, office and hotel property project located in a prime location in Qingpu district (青浦區) of Shanghai. Shanghai Xujing Project is developed by Shanghai Kaitai. In June 2013, the project company entered into a land grant contract relating to the project at a consideration of RMB4,721 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 184,293 sq.m. and consists of offices, shopping mall, hotel and SOHO. All of the office units, shopping mall and hotel are intended for investment.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Actual/Estimated construction period	
— Commencement.....	November 2014
— Completion	August 2018
Total saleable GFA under development (sq.m.).....	655,967
Total saleable GFA under development pre-sold (sq.m.)	26,915
Attributable interest to our Group	50%

For further information, please refer to Property No.33 of the Property Valuation Report in Appendix III to this prospectus.

(9) SHANGHAI HUACAO LOT I (閔行區華漕鎮MHPO-1402單元41-02地塊)

Shanghai Huacao Lot I is an office property project located in a prime location in Minhang district (閔行區) of Shanghai. Shanghai Huacao Lot I is developed by Shanghai Kaiyu. In June 2014, the project company entered into a land grant contract relating to the project at a consideration of RMB406 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 26,360 sq.m. and consists of offices. All of the office units are intended for investment.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement	March 2015
— Completion	July 2016
Total saleable GFA under development (sq.m.).....	65,073
Total saleable GFA under development pre-sold (sq.m.)	698
Attributable interest to our Group	50%

BUSINESS

For further information, please refer to Property No.34 of the Property Valuation Report in Appendix III to this prospectus.

(10) **SHANGHAI HUACAO LOT II (閔行區華漕鎮MHPO-1402單元35-01地塊)**

Shanghai Huacao Lot II is an office property project located in a prime location in Minhang district of Shanghai. Shanghai Huacao Lot II is developed by Shanghai Kairi. In June 2014, the project company entered into a land grant contract relating to the project at a consideration of RMB202 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 13,456 sq.m. and consists of offices. All of the office units are intended for investment.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement	January 2016
— Completion	December 2016
Attributable interest to our Group	50%

For further information, please refer to Property No.40 of the Property Valuation Report in Appendix III to this prospectus.

(11) **SHANGHAI HUACAO LOT III (閔行區華漕鎮MHPO-1402單元36-01地塊)**

Shanghai Huacao Lot III is an office property project located in a prime location in Minhang district of Shanghai. Shanghai Huacao Lot III is developed by Shanghai Kaichong. In January 2014, the project company entered into a land grant contract relating to the project at a consideration of RMB168 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 10,995 sq.m. and consists of offices. All of the office units are intended for investment.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement	February 2016
— Completion	May 2017
Attributable interest to our Group	25%

For further information, please refer to Property No.41 of the Property Valuation Report in Appendix III to this prospectus.

(12) **SHANGHAI HUACAO LOT IV (閔行區華漕鎮MHPO-1402單元42-01地塊)**

Shanghai Huacao Lot IV is a commercial and office property project located in a prime location in Minhang district of Shanghai. Shanghai Huacao Lot IV is developed by Shanghai Kaichang. In June 2014, the project company entered into a land grant contract relating to the project at a consideration of RMB472 million. As of the Latest Practicable Date, the land premium had been fully paid.

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The project occupies an aggregate site area of approximately 30,922 sq.m. and consists of offices. All of the commercial and office units are intended for investment.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement.....	January 2016
— Completion	December 2016
Attributable interest to our Group	50%

For further information, please refer to Property No.45 of the Property Valuation Report in Appendix III to this prospectus.

By Associated Company

Zhangzhou

(1) ZHANGZHOU WANKE CITY (漳州萬科城)

Zhangzhou Wanke City is a residential and commercial property project located in a prime location in downtown of Zhangzhou. Zhangzhou Wanke City is developed by Zhangzhou City Wankebinjiang Property Co., Ltd. In October 2013, the project company entered into a land grant contract relating to the project at a consideration of RMB1,504 million. As of the Latest Practicable Date, the land premium had been fully paid.

The project occupies an aggregate site area of approximately 235,606 sq.m. and consists of high-rise apartments and commercial properties. All of the residential and commercial units (except for resettlement property) are intended for sale.

Based on our internal records, details of the project as of October 31, 2015 were as follows:

Estimated construction period	
— Commencement.....	May 2014
— Completion	June 2018
Total saleable GFA under development (sq.m.)	412,402
Total saleable GFA under development pre-sold (sq.m.)	189,287
Total estimated GFA of resettlement property held for future development (sq.m.)	236,592 ⁽¹⁾
Attributable interest to our Group	20%

Note:

(1) For more details of our resettlement property, see “—Construction of Resettlement Housing.”

For further information, please refer to Property No.27, No.39 and No.44 of the Property Valuation Report in Appendix III to this prospectus.

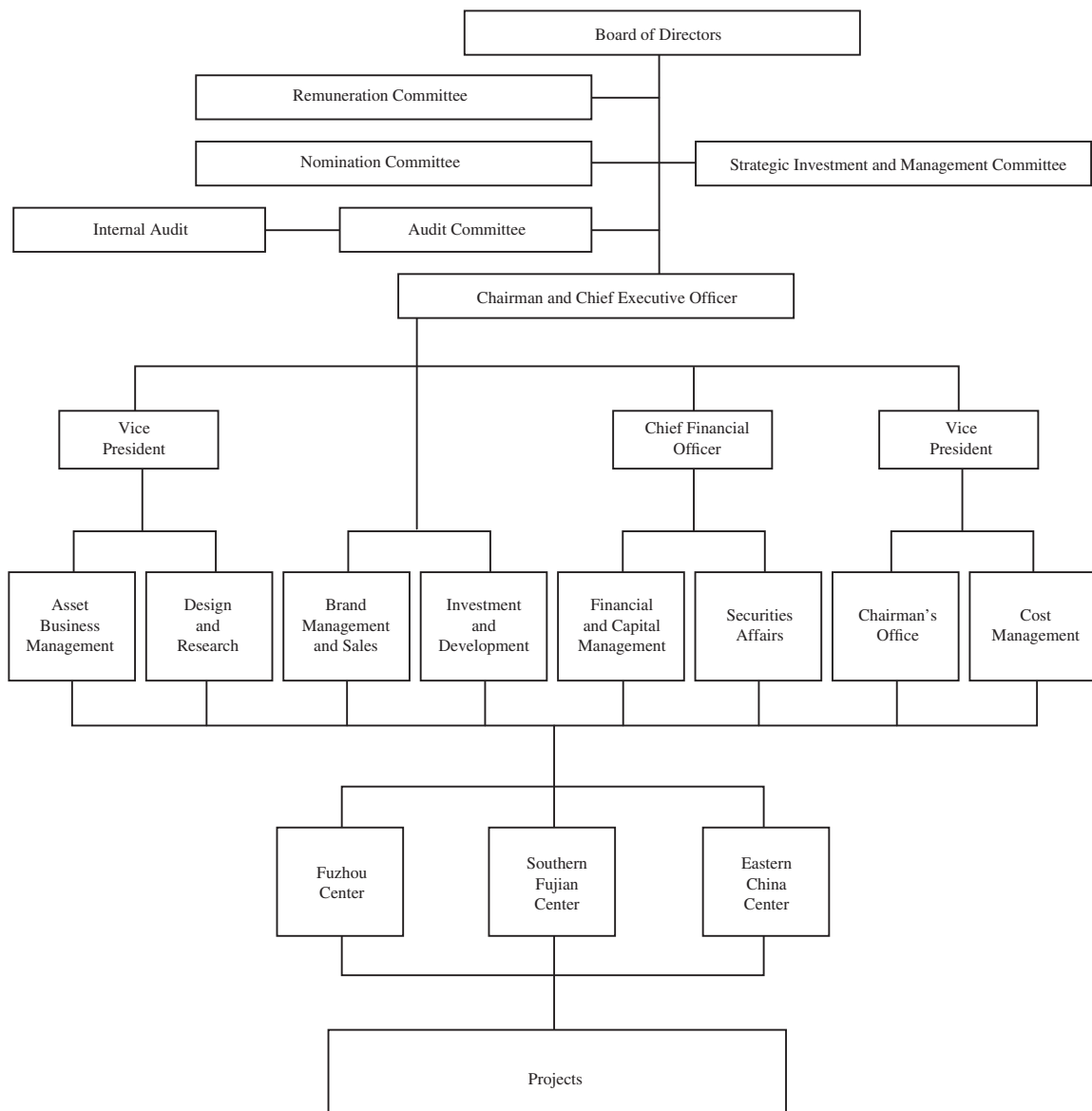
BUSINESS

OUR PROPERTY DEVELOPMENT MANAGEMENT

Overview

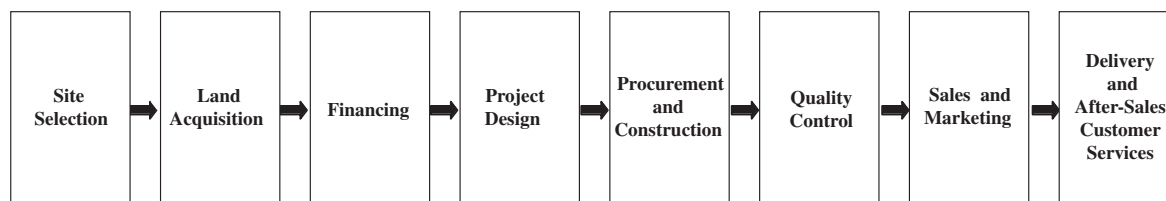
We maintain a strategic investment and management committee and nine functional departments at our headquarters level to manage our projects: asset business management; design and research; brand management and sales; cost management; investment and development; securities affairs; financial and capital management and chairman's office. In addition, we established three regional centers to manage our projects directly: the Fuzhou center for our projects in Fuzhou; the southern Fujian center for our projects in Xiamen and Zhangzhou and the eastern China center for our projects in Shanghai and Hangzhou.

We set out below our management structure:



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The diagram below summarizes the major stages of our property development process.⁽¹⁾



Note:

- (1) The required time for each property development stage may vary among projects depending on the geographical location and the size of the projects. The sequence of specific planning and execution activities may also vary among projects due to the requirement of local laws and regulations.

Site Selection

We place a strong emphasis on selecting suitable locations for our projects. We focus on prime locations in regional hubs in the Western Taiwan Straits Economic Zone and first- and second-tier cities in China.

We assess the appreciation potential of land primarily through investigating and evaluating the economic and demographic conditions of a city. Our site selection process is led by our dedicated site selection team consisting of key members of our senior management. Our asset business management center is responsible for identifying a potential project, conducting market research and performing preliminary screening. Thereafter, a detailed feasibility study will be submitted to our financial management center and our strategic investment and management committee chaired by Mr. Ou for review and ultimately approved by our Board.

We prudently carry out the site selection process in all projects with a strong focus on the quality. The factors we consider in assessing whether a site is suitable for development include, but are not limited to:

- scale and price of the land;
- prospects of the city's development;
- the potential for value appreciation;
- transportation infrastructure;
- the economic environment and the physical and geological characteristics of the site;
- historical features and natural resources;
- local zoning regulations; and

BUSINESS

- the central and local governments' industry policy and development strategies.

Land Acquisition

During the Track Record Period, we obtained our land reserves through the following methods:

- participation in government-organized tenders, auctions and listings-for-sale;
- cooperation with third-party property developers to jointly acquire and develop a project; and
- acquire equity interest from third-party property developers that have entered into land grant contracts with local governments.

We primarily acquire land through tenders, auctions and listings-for-sale from the PRC government in accordance with relevant PRC laws and regulations. For further details of the applicable PRC laws and regulations relating to land acquisition, see the section headed “PRC Regulatory Overview—Sale of Real Estate.”

We have also employed land acquisition strategies to acquire land at competitive costs by cooperation with leading third-party property developers through joint ventures. We believe that by sharing common business concepts and leveraging our respective strengths and experiences in project development, such cooperation can achieve mutual benefits for us as well as our joint venture partners.

In addition, we also acquire land through equity interest from third-party property developers that entered into land grant contracts with local governments.

Delay in Payment of Land Premium

During the Track Record Period, we did not make land premium payments as scheduled under the land grant contracts for certain of our property development projects and were subject to late payment fees. In seven out of nine instances, our delay was due to the local government's delay in delivering the land parcels to us on time as a result of its delay in cleaning up the land parcels for development, building surrounding infrastructure to meet the required standard or building a public facility on an adjacent lot. In the other two instances, our delay was due to internal miscommunication on the funds transfer arrangements.

As of the Latest Practicable Date, except with respect to the Long Island and The Twin Harbor City projects as further described below, we had paid all late land premiums of RMB10,801.6 million and late payment fees of RMB107.4 million in full. As advised by our PRC legal advisors, FenXun Partners, delays in making land premiums are contractual in nature and do not amount to non-compliance with laws or regulations, and we are not subject to the risk of revocation with respect to these land parcels.

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Long Island. As of the Latest Practicable Date, a portion of the land premium in the amount of RMB650 million was outstanding. The relevant PRC government authorities have confirmed to us that the clearance of certain parcels of land for our Long Island project was delayed due to the complexity of the resettlement work and the land use rights certificate for the part of the land parcel where the resettlement work had been completed would be issued to us first and the remaining resettlement work would be expedited. As advised by our PRC legal advisors, FenXun Partners, since the reason for the delay in land premium payment is the local government's inability to clear the land parcels and deliver the same to us, we are not liable to the local government for any late payment fees or other penalties.

The Twin Harbor City. As of the Latest Practicable Date, we had paid the portion of the land premium which had become due under the land grant contract, with a balance of RMB2,810 million outstanding. As advised by our PRC legal advisors, FenXun Partners, the land grant contract stipulates that land premium is due only when the government has delivered the relevant portions of the land to us. Therefore, as of the Latest Practicable Date, we did not have any unpaid overdue amount of land premiums in relation to this project.

Financing

We finance our projects primarily through capital contributions from our shareholders, internal cash flows including proceeds from the pre-sale of our properties, bank loans, trust financing and other borrowings. PBOC and CBRC have issued respective guidelines in relation to granting loans to real estate developers. See the section headed “PRC Regulatory Overview—Loan for Real Estate” in this prospectus. We intend to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required. As of June 30, 2015, our outstanding borrowings amounted to RMB18,242.7 million. See the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness” for details of our financing and indebtedness.

Project Design

In order to provide our customers with distinctive designs and to achieve operating efficiency, we outsource the design of substantially all of our property development projects to third-party domestic or international architecture and design firms. We have worked closely with leading domestic and international architecture and design firms, such as Atkins, HBA and Belt Collins. Our design and research center is responsible for selecting such third-party partners, taking into consideration their reputation, proposed designs and their past relationship with us. From time to time, we also engage in a tender process in which the architecture and design firms submit proposals which we determine whether they can be translated into commercially viable projects. Our design and research center supervises and provides the third-party architecture and design firms with directions and design criteria on which we aim to market our property development projects. In addition, our design and research center works closely with the architecture and design firms in major aspects of the design process, from master planning, design specifications and adjustments, raw material selection, to ensuring that the designs are in compliance with local regulations. Upon receiving design schemes from the outside architecture and design firms, our design and research center is responsible for communicating with our construction contractors to ensure that the design elements are effected

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as we expect. Our design and research center monitors closely the work of the architecture and design firms to ensure that the project designs meet our specifications and works together with our project directors and our construction management divisions to ensure that any problems encountered with the proposed design during construction are resolved in a timely manner.

Construction and Procurement

Project management

For each of our regional centers, we maintain a project management team consisting of approximately 10 engineers or technicians. These employees are deployed on site and are responsible for communicating with our construction contractors and specialized contractors and performing quality inspection and control.

Appointment of construction contractors

We do not maintain a construction capacity and outsource construction works of all our property development projects to qualified third-party general construction contractors. Such construction works include, among other things, foundation digging, general construction and installation of equipment. The general contractors of our property developments are selected through an open tender process. The tender process is managed by the cost management center of our headquarters and the respective project companies. We conduct due diligence procedures on our potential contractors, such as inspecting their credentials and on-site supervision on their offices and property projects, and only those contractors who have passed such due diligence procedures are invited to participate in the tender. In selecting the winning bid, we typically consider the contractors' professional qualifications, technical capabilities, industry reputation, track record and prices tendered. We also involve the work of specialized contractors in specific areas, such as landscaping, glass wall system, night lighting system and intelligent entrance security control system. The specialized contractors are typically selected through a tender process and will typically enter into contracts with us. During the Track Record Period, we had engaged and maintained stable business relationships with a number of general construction contractors and specialized contractors.

We are not responsible for any labor issues of our contractors or accidents and injuries that may occur during construction. These risks are borne by the contractors, as provided in our contracts with them. However, our strict quality control measures require our contractors to comply with the relevant rules and regulations including environmental, labor, social and safety regulations to minimize our risks and liabilities. During the Track Record Period, we were not involved in any dispute with our contractors nor were there any case of material personal injury or death involving our contractors that had a material and adverse effect on our business.

Under typical agreements with our contractors, we make payments to contractors in stages according to progress of construction works. The percentage of each stage payment varies from project to project according to the terms stipulated in the relevant contract. Our contracts with contractors

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typically provide for the retention of a certain percentage (such as 3-5%) of the total payment as quality assurance. Depending on the type of construction works involved, such retention amount is released to the contractor upon the expiry of the relevant quality assurance period, which is generally one to five years.

Procurement

Our procurement activities fall into two categories: construction raw materials and equipment. Our construction contractors are responsible for procuring raw materials, notably steel and concrete. With respect to construction contracts of substantial value and long duration, we typically engage in discussions with our contractors and adjust construction fees if fluctuations in the market prices of such commodities exceed a certain threshold (typically 3% to 10%), and we, as a result, bear most of the risks associated with such commodity price movements. During the Track Record Period, fluctuations in the construction raw materials did not exceed the relevant materiality threshold in the relevant contracts we had with our construction contractors and we therefore did not incur additional costs to compensate our construction contractors. Nonetheless, as we typically pre-sell our properties prior to their completion, we will not be able to pass the increased costs on to our customers if construction costs increase subsequent to the pre-sale. See the section headed “Risk Factors—Risks Relating to Our Business—Fluctuations in the price of construction materials and our construction contractors’ labor costs could affect our business and financial performance.”

We treat equipment procurement differently. We directly purchase equipment which we consider is important or is of high value, such as elevators. We do not normally maintain an inventory of such equipment and purchase these equipment only on an as-needed basis. We are generally agreeable for our contractors to procure what we believe to be less important equipment such as ventilation systems and controls cabinets and reflect the purchase price in the contractor’s fees. During the Track Record Period, we did not experience any material shortage or delay in the supply of raw materials.

Quality Control

We place significant emphasis on quality control in the management of our projects. As of June 30, 2015, we had a team of 97 employees engaged in our stringent quality control with an average of seven years of experience in the construction industry. The following are certain important measures or procedures we have adopted in furtherance of this goal:

- we ask our construction contractors to first perform its own internal control, followed by inspections of our project management team, reviews by our regional project quality control team and a quarterly assessment at the Group level; also, our headquarters conducts an internal audit at least annually to identify potential issues and promote measures and initiatives that have proven to be successful in certain projects;

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- we perform routine inspections on raw materials when they are delivered and reject materials which are below standard or that do not comply with our specifications and return them to the contractors or suppliers;
- we retain qualified independent third-party professional firms as well as the quality supervision units of the relevant local government authorities to oversee and supervise the overall construction of our projects;
- we assign each project its own on-site project management team, which comprises qualified engineers led by our project managers to ensure quality and monitor the progress and workmanship of construction;
- we compile a set of standardized technical guidelines for construction management of each project; and
- we carry out quality control in accordance with the relevant laws, regulations, and other compulsory standards promulgated by the relevant PRC governmental authorities and other industry associations.

Sales and Marketing

Sales and marketing plan

The sales and marketing teams of our project companies study local market information and formulate pre-marketing, sales and pricing plans and procedures for approval by the sales and marketing center of our headquarters. We determine our per unit sales price with reference to the sales price of market comparables, market conditions and our development costs. Our sales and marketing personnel are incentivized by performance-based compensation packages. Throughout and subsequent to the project development and pre-sale period, we provide comprehensive assistance to our customers, coordinate internally to address queries raised by, and collect feedback from, our customers and potential customers for us to evaluate our products and devise modifications to designs of our future properties as appropriate to address any change in market demand.

As part of our sales strategy, we have established a membership club, Rongxin Club (融信會), for purchasers and prospective purchasers of our properties. Members as well as all second-time purchasers are entitled to discounts to the purchase price of their purchases of our properties and attend functions organized by Rongxin Club from time to time. All purchasers of our properties are eligible to join Rongxin Club free of charge. We charge a membership fee of RMB10,000 per person for prospective purchasers to join the Rongxin Club. When such a paid member purchases a property from us, the membership fee is refunded. Members are free to relinquish their membership, in which event membership fees paid will be refunded in full. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the balance of such membership fees received amounted to nil, nil, RMB0.2 million and RMB1.0 million, respectively. As of the Latest Practicable Date, certain of our Rongxin Club members had signed a contract with us to purchase property from the Pingtan David City, Twin Harbor City, The Coast and The White House projects. Since none of these projects had been delivered during the Track Record Period, such pre-sales with our Rongxin Club members had no contribution to our GFA delivered and revenue during the Track Record Period.

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Our promotion channels primarily include advertising through newspapers, television, radio, internet, billboards, magazines and mobile phone text messages. We generally engage professional property sales agencies and advertising design agencies in China to assist us in our sales campaigns. We hold promotional and sales events at our property development project premises and invite potential customers to visit exhibit units. Customers of some of our property development projects are entitled to referral bonuses. We also establish charities such as Rongxin Charity Foundation (融信公益基金會) and organize promotional events such as Community Cultural Festival (鄰里文化節), which help increase public awareness of our “Rongxin融信” brand.

Pre-sale

In line with market practice in the PRC, we normally commence pre-sales of our property development project before completion of the entire project. Our pre-sales typically comprise multiple phases in accordance with our marketing strategies and plans which are drawn up as early as the acquisition of the relevant land. Relevant PRC laws and regulations require property developers to fulfill certain conditions, including but not limited to payment of the land grant premium and obtaining the relevant land use rights certificate, construction works planning permit, construction works commencement permit and pre-sale permit before the commencement of pre-sales. See the section headed “PRC Regulatory Overview—Sale of Real Estate” for further details of the laws and regulations governing pre-sale. We generally time the launch of our pre-sale campaigns according to the progress of construction, market conditions and any general holidays. Once a project is substantially sold out, we re-deploy our sales staff to other projects.

Our pre-sale contracts are prepared in accordance with applicable PRC laws and regulations. Purchasers are typically required to make a down-payment according to the schedule stipulated in the sales contract. The amount of down-payment to be paid and the circumstances in which deposits may be forfeited are stipulated in relevant pre-sales contracts. In accordance with the requirements of applicable PRC laws and regulations, we register such pre-sale with the relevant local authorities and provide warranties on the quality of properties we construct or sell to our customers for periods no shorter than that for quality warranties we receive from our construction contractors under the relevant construction contracts, being generally one to five years. See the section headed “Risk Factors—Risks Relating to Our Business—We are exposed to contractual and legal risks related to pre-sales, which could have a material adverse effect on our business, financial condition and result of operations” for further details regarding the associated risks.

Cancelled contracted sales are sales transactions cancelled after the down-payment and the signing of pre-sale contracts. So far as our Directors are aware, cancelled contracted sales during the Track Record Period were primarily due to personal reasons. Our Directors further confirm that the cancelled contracted sales did not have a material adverse effect on our financial condition.

During the Track Record Period, we did not experience any significant delays in obtaining the required certificates and permits for the pre-sale of our properties. Save as disclosed in the section headed “—Legal Proceedings and Compliance—Compliance with Laws and Regulations,” we have complied with all relevant and applicable PRC laws and regulations governing property pre-sales in the PRC in all material respects, and have obtained all necessary permits, certificates and approvals prior to the commencement of pre-sales activities.

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Payment arrangement

Our customers may choose to pay the purchase price of our properties by one lump sum payment or by mortgage financing. Customers choosing to settle the purchase price by one lump sum payment will be required to fully settle the purchase price shortly after the execution of the sales contract. Customers choosing to settle the purchase price of residential properties by mortgage financing shall, according to the terms stipulated in the relevant sales contract, normally pay a down-payment of no less than 30% of the purchase price upon the execution of the sales contract in accordance with the applicable PRC laws and regulations. Depending on the processing time required by mortgagee banks, the balance of the purchase prices will typically be paid by the mortgagee banks shortly after the date of execution of the sales contracts.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the building ownership certificate to the purchaser and the certificate is registered in favor of the bank. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser. We do not conduct credit checks on our customers but rely on credit checks conducted by relevant banks.

As of December 31, 2012, 2013 and 2014 and June 30, 2015, our outstanding guarantees in respect of the mortgages for purchasers of our properties amounted to RMB1,931.1 million, RMB2,678.1 million, RMB3,579.9 million and RMB4,579.0 million, respectively. During the Track Record Period, we encountered five incidents where we were jointly and severally liable for a purchaser's default under his mortgage loan, for an aggregate amount of approximately RMB1.8 million. See the sections headed "Financial Information—Contingent Liabilities" and "Risk Factors—Risks Relating to Our Business—We guarantee the mortgage loans provided by financial institutions to our customers and, consequently, we are liable to the mortgagees if our customers default." In the case of a purchaser default, we are entitled to forfeit the deposits the purchaser has made with us and foreclose on the relevant property.

Delivery of Properties and After-Sale Customer Service

Delivery of completed properties

We endeavor to deliver completed properties to our customers on a timely basis in accordance with the terms of the sales contracts. We closely monitor the progress of construction work at our projects under development. If we fail to deliver the completed properties within the stipulated timeframe due to our default, we may be liable to pay a certain percentage of the purchase price as penalty in accordance with the terms of the relevant sales contracts. Under current PRC laws and regulations, we are required to obtain completion certificates before delivering properties to our customers. See the section headed "PRC Regulatory Overview" for further information. After a property development project has passed the requisite completion and acceptance inspections, we will notify our customers before the delivery date stipulated in the sale contracts, to arrange the delivery procedures. Our customers will then come to our designated locations to conduct the delivery

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procedure with us. We may also assist our customers to obtain the individual building ownership certificates for our properties at our customers' expense. We may also be liable to compensate our customers for any delay in the delivery of properties. During the Track Record Period, we did not experience any significant delays in the completion of our property development projects or delivery of relevant title documents after sale during the Track Record Period.

After-sale services

Our sales and marketing department is responsible for our after-sales customer services. Our customer service personnel provide after-sales services such as assisting customers to obtain building ownership certificates and handling customers' complaints. During the Track Record Period, we were not aware of any material customers' complaints or product liability claims. Our customers may also participate in our activities and obtain first-handed information regarding our new property development projects. We also conduct customer satisfaction surveys annually through independent third-party and professional firms.

CONSTRUCTION OF RESETTLEMENT HOUSING

Background

During the Track Record Period, in connection with our development of Lan County, The Coast and certain other projects, as specified in the relevant land grant contracts or related agreements, we (for convenience, references to "we" under this heading "—Construction of Resettlement Housing" include certain of our joint ventures and an associated company, where applicable, unless otherwise required by context) cooperated or agreed to cooperate with the local governments in constructing resettlement housing units adjacent to our own developments. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of related parcels of land for commercial development. Under such arrangement, we pay the relevant land premium and receive the land use rights certificates registered to our name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. As advised by FenXun Partners, our PRC legal advisors, since we only have the rights to occupy and develop the relevant land and must deliver the completed properties back to the local governments pursuant to contractual terms, we do not have the rights of disposal and therefore are not freely entitled to the economic interests of the land use rights. Effectively, we do not own the land use rights and only provide a service to the local government in conducting property development. Similar to the development of our own property projects, we rely on contractors to carry out various construction works.

Salient Contractual Terms

The key terms of such construction contracts typically include the location, number of units and GFA of resettlement housing to be constructed, the construction period and consideration. In some cases, the consideration is set at zero; in certain other cases, a pre-determined repurchase price is specified; in other cases still, tax or other preferential government allowances are provided in lieu of

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a cash price. The repurchase price is typically expressed as a fixed amount or a sum of land cost, construction cost and a modest profit margin. Such considerations are not set at market levels for the services rendered, and are not viewed by the local governments and developers isolated from the cost and benefit analysis of the related land parcels for commercial development.

The table below sets forth further details of such construction contracts, including, where applicable, the basis for repurchase price determination:

	<u>Project</u>	<u>Details</u>
1.	Imperial Land	We shall build resettlement properties with no less than 5% of the total GFA of the project as a whole and provide such resettlement properties at zero consideration to the local government.
2.	Future City	We shall build resettlement properties with no less than 5% of the total GFA of the project as whole and provide such resettlement properties at zero consideration to the local government.
3.	French Legend	We shall build resettlement housing with a total GFA of approximately 5,803.68 sq.m., which is equivalent to 5.11% of the total planned GFA of our property development project. The specifications of resettlement housing units are specified. The resettlement housing is expected to complete construction by January 20, 2016 and we shall provide such resettlement housing at zero consideration to the local government.
4.	Imperial Villa	We shall build resettlement housing with a total GFA of approximately 6,190.22 sq.m., which is equivalent to 5% of the total planned GFA of our property development project. The specifications of resettlement housing units are specified. The resettlement housing is expected to complete construction by July 3, 2017 and we shall provide such resettlement housing at zero consideration to the local government.

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	Project	Details
5.	Lan County	The quantity and specifications of resettlement housing units are specified. The repurchase price is the aggregate of land cost, construction cost at RMB3,000 per sq.m. plus a 3% profit margin.
6.	Show Kingdom	We shall build resettlement housing with a total GFA of approximately 558,300 sq.m. The repurchase price is the aggregate of approximately RMB3,000 per sq.m. plus certain tax and other preferential government allowances.
7.	The Long Island	We shall build resettlement housing of a total GFA no less than 207,000 sq.m. The repurchase price is fixed at RMB3,600 per sq.m.
8.	The Twin Harbor City	The specifications of resettlement housing units are specified. We are required to pay construction cost of RMB2,059.1 million to the local government in three installments as deposits: • 50% of the deposit shall be paid by us within seven working days upon the delivery of 50% of the resettlement housing construction land by the local PRC government; • 30% of the deposit shall be paid by us within seven working days upon the delivery of 80% of the resettlement housing construction land by the local PRC government; and • 20% of the deposit shall be paid by us within seven working days upon the complete delivery of the resettlement housing construction land by the local PRC government. These deposits shall be refunded to us according to the following development and completion schedule:

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	Project	Details
		• RMB560.0 million shall be refunded to us within 10 days after the start of the construction; • RMB400.0 million shall be refunded to us within 10 days after the basement floor is completed and meets the required standard; • RMB560.0 million shall be refunded to us within 10 days upon the completion of the ceiling of the resettlement housing; • RMB400.0 million shall be refunded to us within 10 days upon satisfactory inspection of the resettlement housing; and • the remaining balance shall be refunded to us upon the registration of the title of the resettlement housing back to the government. We shall provide such resettlement properties at zero consideration to the local government.
9.	The Coast	The quantity and location of resettlement housing units are specified. The repurchase price is the aggregate of approximately RMB3,975 per sq.m. plus 5.7% business tax and a 3% profit margin. Construction cost is calculated on a lump sum basis, provisionally set at RMB1,500 per sq.m., subject to the confirmation by the government. The local government shall pay such cost to us in two installments.
10.	Zhangzhou Wanke City	We shall obtain approval from the local government on the location, floor area, type and design of the resettlement housing units on the land parcels. We shall build resettlement housing with a total GFA of approximately 43,333 sq.m. on the G01 lot. The construction cost of the resettlement housing on the G01 lot is calculated on a lump sum basis at RMB2,850 per sq.m., which shall be paid to us by the local government.

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Project	Details
	For the residential and commercial properties on the G02 and G03 lot, the repurchase price is fixed at RMB3,000 per sq.m. and RMB4,500 per sq.m., respectively. We shall build and provide certain facilities including the property management office, ancillary facilities and kindergarten at zero consideration to the local PRC government.
11. Hangzhou Mansion	We shall build resettlement housing of a total GFA of not less than 16,000 sq.m. The number of units and the per-unit GFA shall be determined by the government subsequently. The specifications of resettlement housing units are specified. The resettlement housing is expected to complete construction by February 1, 2018. We shall provide such resettlement housing at zero consideration to the local government.

Reason for Entering into Contracts

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our revenue from such construction contracts amounted to RMB26.1 million, RMB53.5 million, RMB103.0 million, RMB23.7 million and RMB32.9 million, respectively. See the section headed “Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Revenue.” For the same periods, our gross profit margin from such construction contracts was 7.0%, 7.0%, 5.4%, 7.0% and 4.2%, respectively. Such profit margins are relatively low. However, since undertaking these construction contracts was a prerequisite to acquiring the relevant land parcels for property development, we would bid for the land parcels (and would be obliged to undertake such contracts if we succeed) if the economic return from such property development projects as a whole (taking the obligation to undertake such contracts into consideration) appeared attractive to us.

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During the Track Record Period, Lan County was the only project in which we had delivered units from our commercial property development as well as units under our construction contract with the government. The following table illustrates a comparison of gross profit margins (resettlement housing, normal commercial property development and overall) of Lan County for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
Gross Profit Margins for Lan County					
Construction contract	7.0%	7.0%	7.0%	7.0%	—
Property development.....	—	—	24.6%	—	23.4%
Overall.....	7.0%	7.0%	24.3%	7.0%	23.4%

OUR HOTELS AND INVESTMENT PROPERTIES

We focus on property development projects at prime locations in first- and second-tier cities, some of which have a combination of residential, hotels, commercial, retail and office properties. While we hold all of our residential properties for sale, we intend to hold our hotels and may hold some commercial, retail or office properties for investment purposes. As of October 31, 2015, we had two projects (excluding projects of our joint ventures or associated company) with investment properties (in Fuzhou and Xiamen), including two hotels under development with a total planned GFA of approximately 100,647.1 sq.m. These projects are expected to be completed by 2016. See the section headed “Relationship with Controlling Shareholders—No Competition and Clear Delineation of Business—Reasons for Exclusion of the Non-Group Business—(i) Hotel Operation” for the background and reasons of our investment in the two hotels. As of the same date, we had one project, Show Kingdom, developed by our joint venture in Fuzhou with a completed GFA held for investment attributable to us of approximately 0.1 million sq.m.

PROPERTY MANAGEMENT SERVICE

We rely on Rongxin (Fujian) Property Management Co., Ltd., a property management company in which our Chairman, Mr. Ou, holds a majority interest, to provide property management services to our customers. The services provided by this property management company include security, property maintenance, gardening and other ancillary services. See the section headed “Connected Transaction—(C) Non-exempt Continuing Connected Transactions—1. Management Services Agreement” in this prospectus.

The property management company obtained National Property Management Enterprise First Class Qualification (國家物業服務企業一級資質) in 2012 and is a member of the Golden Key Property Alliance (金鑰匙物業聯盟), a nationwide property management alliance targeting high-end property projects with over 170 members across 32 cities in China, and is committed to providing all property owners with comprehensive and considerate professional property management services.

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PROPERTIES USED BY US

As of June 30, 2015, we had a property of a total GFA of approximately 1,724.7 sq.m. which we occupied for our own use. See Property No. 1 of the Property Valuation Report set out in Appendix III to this prospectus for further details.

SUPPLIERS AND CUSTOMERS

Suppliers

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, our five largest suppliers, primarily comprising construction companies which are our contractors and each an independent third party, accounted for 75.2%, 55.3%, 62.9% and 50.3% of our total purchases, respectively, and our single largest supplier accounted for 49.4%, 23.6%, 27.1% and 26.5% of our total costs of sales during the same periods, respectively. The length of business relationship of our five largest suppliers with us ranges from three years to six years.

To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

Customers

We primarily target customers from middle to upper-middle income households who are looking to either purchase their first homes or upgrade their living environment. During the Track Record Period, we also derived revenue from certain local governments in Fuzhou for our services under construction contracts. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, our five largest customers accounted for 5.3%, 4.3%, 4.5% and 2.7% of our revenue, respectively, and our single largest customer accounted for 2.0%, 2.5%, 1.4% and 1.3% of our revenue during the same periods, respectively.

All of our five largest customers (except local governments as counter-parties to our construction contracts) for the six months ended June 30, 2015 are individual purchasers of our properties, and all of them are independent third parties. The length of business relationship of our five largest customers with us ranges from one year to two years. To the best of the knowledge of our Directors, none of our Directors, their respective associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest customers during the Track Record Period.

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AWARDS AND RECOGNITIONS

Over the past years, we have received recognition from various industry associations, government authorities and the public. The table below sets out certain of the awards we received in respect of our property development operations:

Year	Award/Recognition	Awarding Body
2015	“2015 China’s Top 50 Real Estate Development Enterprises” (Rank No. 33) (2015年中國房地產開發企業50強位列33位)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
	“2015 Fujian’s Top 20 Real Estate Development Enterprises” (Rank No. 1) (2015年中國房地產開發企業福建省20強位列第一位)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
2014	“2014 China’s Top 50 Real Estate Development Enterprises” (Rank No. 37) (2014年中國房地產開發企業50強位列37位)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
	“2014 China’s Top 10 Real Estate Development Enterprises by Comprehensive Development” (2014年中國房地產開發企業綜合發展10強)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
	“2014 Best 50 of China Real Estate Developers Brand Value” (Rank No. 34) (2014年中國房地產開發企業品牌價值50強位列34位)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
	“China’s Top 500 Private Enterprises” (Rank No. 195) (中國民營企業500強位列195位)	National Association of Industry and Commerce (中華全國工商業聯合會)
	“Famous Brand of Fujian Province” (福建省著名商標)	Fujian Province Administration Industry and Commerce (福建省工商行政管理局)

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Year	Award/Recognition	Awarding Body
	“2013 China’s Top 50 Real Estate Development Enterprises” (Rank No. 46) (2013年中國房地產開發企業50強位列46位)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
	“2013 Best 50 of China Real Estate Developers Brand Value” (2013中國房地產開發企業品牌價值50強)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
	“2013 Best Urban Operator of Taiwan Straits” (2013海峽最佳城市運營商)	Strait Real Estate Forum Committee (海峽房地產論壇組委會)
2012	“2012 Model Real Estate Enterprise of Western Taiwan Straits” (2012年海西城市運營商標杆地產企業)	Xiamen Star TV (廈門衛視), Fang33.com (房米網) and Boss Magazine (閩商雜誌)
	“2012 China • Western Taiwan Straits Five Star Real Estate Enterprise” (2012年中國 • 海西五星級地產企業)	Fujian Daily (福建日報), Fujian TV News Channel (福建電視臺新聞頻道) and Lanfw.com (藍房網)
	“2012 Top 10 Brands of South China Real Estate Enterprises” (2012年中國房地產開發企業品牌價值華南10強)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Evaluation Center (中國房地產測評中心)
	“China Real Estate Golden Key Award—Influential Brand Modern Enterprise” (中國地產金鑰匙獎—品牌影響力典範企業)	China International Fair for Investment & Trade Committee (中國國際貿易投資洽談會) and World Chinese Properties Forum (世界華商地產論壇)

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COMPETITION

The PRC real estate industry is highly fragmented and competitive. As a real estate developer in China, we primarily compete with other top Chinese real estate developers focusing on the development of residential properties in the PRC. We compete on many fronts, including product quality, service quality, price, financial resources, brand recognition, ability to acquire land and other factors. In recent years, an increasing number of property developers from the PRC and overseas have entered the property development markets in the cities where we have operations, resulting in increased competition for land available for development. Moreover, the PRC government has implemented a series of policies to control the growth and curtail the overheating of, and foreign investment in, the PRC property sector. We believe major entry barriers into the PRC property development industry include a potential entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. We believe that the PRC real estate industry still has large growth potential. We believe that, with our solid experience in real estate development since 2003, our strategic focus on mid- to high-end residential properties targeting middle to upper-middle income households in the Western Taiwan Straits Economic Zone and other first- and second-tier cities in China, our reputable brand name and our effective management team, we are able to respond promptly and effectively to challenges in the PRC property market. We may confront with more competitors when entering new market. See the section headed "Risk Factors—Risks Relating to Our Business—Increasing competition in the PRC, particularly from developers of properties similar to ours in the Western Taiwan Straits Economic Zone and the other cities where we operate or intend to operate, may adversely affect our business and financial conditions."

RISK MANAGEMENT

We believe that risk management is crucial to the success of any property developer in the PRC. Key operational risks that we face include changes in PRC political and economic conditions, changes in the PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support our developments, ability to complete our development projects on time and competition from other property developers. See the section headed "Risk Factors" in this prospectus for a discussion of various risks and uncertainties we face.

In addition, we also face various financial risks. In particular, we are exposed to interest rate, foreign exchange, credit and liquidity risks that arise in the ordinary course of our business. See the section headed "Financial Information—Market Risk" for a discussion of these market risks.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- Our Board is responsible for determining our business and investment plans, preparing our annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of our Group. Any business decision involving material risks are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body. See the section headed "Directors and Senior Management—Board of Directors" for details of the experience of members of our Board.

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- Our senior management team at our headquarters is in charge of the daily business operations and risk monitoring of our Group, and is responsible for the supervision of different aspects of our operations on a daily basis as well as the supervision and approval of any material business decisions of our project companies. We have established detailed procedures and policies setting out clear reporting lines and responsibilities with a view to facilitating efficient communications among our headquarters and our project companies. The audit and legal center at our headquarters is also responsible for ensuring regulatory and contractual compliance.
- Our city and site selection decisions are made by our strategic investment management committee (戰略投資管理委員會). This committee is tasked with the evaluation and analyzing of regions or cities in the PRC for potential development and the approval of site selection decisions. Our strategic investment management committee includes members of the senior management team at our headquarters. Representatives of our regional companies also participate in meetings of our asset business management committee from time to time where required to ensure it meets our internal requirement.
- For particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risk by conducting due diligence procedures on our general construction contractors before their appointment while maintaining regular quality control supervision and supervise the construction status through our on-site engineers.
- We have adopted various internal policies and procedures for our individual employees in respect of different aspects of the property development process based on our operational needs. We also provide both in-house and external training to our employees in order to enhance their knowledge of our corporate culture, with a view to maintaining integrity and reliability to manage our operational and market risks.

INTELLECTUAL PROPERTY

We believe our brand Rongxin (融信) is well known and widely recognized in the Western Taiwan Straits Economic Zone. We have built up our brand primarily through consistent delivery of high-quality properties to our customers. We will use all reasonable and proper measures to protect our proprietary rights with regard to intellectual property developed in the process of our business development. As of the Latest Practicable Date, we owned 167 trademarks and 10 domain names which were registered in the PRC and three trademarks which were registered in Hong Kong. We rely to a significant extent on our brand name, , in marketing our properties but our business is otherwise not materially dependent on any intellectual property rights. We believe that we did not suffer from any infringement of our intellectual property rights by any third parties or violate any intellectual property rights of third parties during the Track Record Period.

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INSURANCE

According to applicable PRC laws and regulations, property developers are not required to maintain insurance coverage in respect of their property development operations. We typically require the construction contractors of our property development projects to purchase construction-in-progress insurance for our projects under development. We have not maintained insurance in respect of litigation risks, business termination risks, product liability or important personnel of our Group, as such is not required under the applicable PRC laws and regulations. Our Directors consider that our practice is in line with the industry norm. There is a risk that we may incur uninsured losses, damage or liabilities. See the section headed “Risk Factors—Risks Relating to Our Business—We may not have adequate insurance coverage to cover our potential liability or losses, and as a result our business, results of operations and financial condition may be materially and adversely affected.”

HEALTH, WORK SAFETY, SOCIAL AND ENVIRONMENTAL MATTERS

Environmental Matters

We are subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law (《中華人民共和國環境保護法》), the PRC Prevention and Control of Noise Pollution Law (《中華人民共和國環境噪聲污染防治法》), the PRC Environmental Impact Assessment Law (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). See the section headed “PRC Regulatory Overview—Development of Real Estate Projects—Environmental Protection” for details of these laws and regulations. Pursuant to these laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, we are required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities’ acceptance. Only property development projects which have passed such examination and acceptance can be delivered.

Under our typical construction contracts, we require our contractors to strictly comply with relevant environmental and safety laws and regulations. We inspect the construction sites regularly and require our contractors to immediately rectify any default or non-compliance identified.

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In the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, we incurred RMB4.1 million, RMB4.5 million, RMB2.7 million and RMB3.8 million, respectively, as cost for compliance with applicable environmental rules and regulations. Our Directors expect that we will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level. As of the Latest Practicable Date, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our property development projects. During the Track Record Period, no material fines or penalties were imposed on us for non-compliance of PRC environmental laws and regulations, save as disclosed in “—Legal Proceedings and Compliance—Compliance with Laws and Regulations—Systemic Non-compliance Incidents—Commencement of Construction Before Obtaining Construction Works Commencement Permit or Environmental Impact Assessment Approval,” and we had obtained all required approvals in relation to the environmental impact reports, where applicable, for our projects under development.

Social, Health and Work Safety

In respect of social responsibilities, in particular health, work safety and social insurance, we have entered into employment contracts with our employees in accordance with the applicable PRC laws and regulations.

We maintain social welfare insurance for our full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with relevant PRC laws and regulations.

Our employee’s administrative measures (員工管理辦法) contain policies and procedures regarding work safety and occupational health issues. We provide our employees with annual medical checks and safety training, and our construction sites are equipped with safety equipments including gloves, boots and hats. Our chairman’s office is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the Track Record Period, we did not encounter any material safety accident, there were no claims for personal or property damages and no compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

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EMPLOYEES

As of the Latest Practicable Date, we had a total of 715 employees. Substantially all of our employees are located in the PRC. There had been no complaints or claims from employees that materially affected our operations during the Track Record Period and up to the Latest Practicable Date. A breakdown of our employees by function as of the Latest Practicable Date is set forth below:

Function	Number of employees	Percentage of total employees
Management.....	24	3.3%
Finance	62	8.7%
Administration	68	9.5%
Sales and Customer Service	299	41.8%
Construction Management/Quality Control	86	12.0%
Design	50	7.0%
Cost and Procurement	52	7.3%
Investment	20	2.8%
Others	54	7.6%
Total	715	100%

We believe that the successful implementation of our growth and business strategies relies on a team of experienced, motivated and well-trained managers and employees at all levels. We recruit employees from well-known universities in the PRC. As of the Latest Practicable Date, approximately 78.0% of our employees had a master's degree, a bachelor's degree or an associate degree. We have implemented systematic, specialty-focused vocational training programs for our employees at different levels on regular basis to meet different requirements and emphasize individual initiative and responsibility. We believe that these initiatives have contributed to increased employee productivity.

We enter into individual employment contracts with our employees to cover matters such as wages, salaries, benefits and terms for termination. We generally formulate our employees' remuneration package to include a salary, bonus and various allowances. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, we incurred employee costs (including Directors) of RMB49.1 million, RMB85.8 million, RMB152.6 million and RMB75.2 million, respectively, representing 3.8%, 4.0%, 3.7% and 3.6% of our revenue, respectively, during those periods. In general, we determine employee salaries based on each employee's qualification, position and seniority. We have designed a periodical review system to assess the performance of our employees, which forms the basis of our determination on salary raise, bonus and promotion. As required by PRC regulations, we make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds. During the Track Record Period, we failed to make sufficient social insurance fund and housing provident fund contributions on certain occasions. See "—Legal Proceedings and Compliance—Compliance with Laws and Regulations—Systemic Non-compliance Incidents—Failure to Make Sufficient Social Insurance Fund

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and Housing Provident Fund Contributions” in this prospectus. The total amount of contributions we made for such social insurance fund for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 was approximately RMB3.4 million, RMB6.0 million, RMB15.2 million and RMB9.1 million, respectively. The total amount of contributions we made for housing provident funds for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 was RMB1.6 million, RMB2.4 million, RMB4.7 million and RMB2.8 million, respectively.

Our employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. As of the Latest Practicable Date, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on our operations.

LEGAL PROCEEDINGS AND COMPLIANCE

Ongoing Legal Proceedings

We have been involved in legal proceedings or disputes in the ordinary course of business, including claims primarily relating to disputes arising from property purchase agreements with our customers and our guarantee of mortgage agreements entered into between our customers and mortgagee banks. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on our financial condition or results of operation.

We are not aware of any legal proceedings or disputes of our joint ventures and associated company during the Track Record Period and up to the Latest Practicable Date that might adversely affect the value of our interests in them.

Compliance with Laws and Regulations

As of the Latest Practicable Date, except as disclosed in this prospectus, we had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and we had obtained all licenses, permits and certificates for the purpose of operating our business.

During the Track Record Period and up to the Latest Practicable Date, our joint ventures and associated company were not involved in and we are not aware of any non-compliance incidents that might adversely affect the value of our interests in them.

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Qualifications

As advised by our PRC legal advisors, FenXun Partners, as of the Latest Practicable Date, save for the non-compliance incidents disclosed below, our PRC subsidiaries, joint ventures and associated company had obtained all material requisite licenses, permits, certificates or approvals for their daily business operations in the PRC. The table below sets forth the details of such real property development qualifications as of the Latest Practicable Date:

	Qualification	Classification	Status
PRC subsidiary			
Rongxin Group	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	First	In effect, expiring on May 24, 2016
Pingtian Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on June 5, 2016
Fuzhou Shuanghang Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on April 28, 2016
Changle Rongxin Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on August 11, 2016
Fujian Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on April 10, 2016
Fuzhou Investment	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Second	In effect, expiring on December 31, 2018
Fuzhou Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on February 26, 2016
Rongxin Zhangzhou Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Third	In effect, expiring on December 31, 2016
Hemei Zhangzhou Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on July 21, 2016
Lanhu Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on July 28, 2016
Xiamen Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Fourth	In effect, expiring on December 25, 2017
Hangzhou Kaizhu	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on June 30, 2016

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	Qualification	Classification	Status
Hangzhou Kaisheng	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on November 24, 2016
Hemei Shanghai Property .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	Expired on December 31, 2015 ⁽¹⁾
Joint Venture			
Liboshuntai Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on January 20, 2016
Shiou Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	First	Expired on August 6, 2015 ⁽¹⁾
Fuzhou Shiou Investment .	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Third	In effect, expiring on October 31, 2016
Fujian Shiou Investment ...	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Third	In effect, expiring on October 31, 2016
Shanghai Kaiyu	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on July 21, 2016
Shanghai Kairi	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on July 21, 2016
Shanghai Kaichong	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on November 11, 2016
Shanghai Kaichang Property	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on July 21, 2016
Shanghai Kaitai	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	Expired on November 5, 2015 ⁽¹⁾
Shanghai Kaidai	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	Expired on December 31, 2015 ⁽¹⁾
Hairong (Zhangzhou) Property Co., Ltd	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on March 31, 2016
Associated Company			
Zhangzhou City Wankebinjiang Property Co., Ltd	Qualification Certificate for Real Property Development Enterprise (房地產開發企業資質證書)	Provisional	In effect, expiring on April 10, 2016

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Notes:

- ⁽¹⁾ A renewal application had been filed and accepted by the relevant government agency and we are in the preparation process to provide supplemental materials for the application. As advised by our PRC legal advisors, FenXun Partners, there is no legal obstacle in obtaining the qualification certificate.

If we fail to maintain our licenses, certificates, permits or governmental approvals upon expiry, our development plans may be delayed and there may be an adverse effect on our business. See the section headed “Risk Factors—Risks Relating to Our Business—Our business may be adversely affected if we fail to obtain, or if there is any delay in obtaining, the relevant PRC governmental approvals for our property development projects.”

Systemic Non-compliance Incidents

During the Track Record Period, we experienced certain systemic non-compliance incidents that we do not consider to be material. Summaries of such incidents are set forth below.

Commencement of Construction Before Obtaining Construction Works Commencement Permit or Environmental Impact Assessment Approval

Details of the Historical Non-compliance Incident

During the Track Record Period and up to the Latest Practicable Date, we commenced construction works for three of our projects before obtaining the requisite construction works commencement permit, and paid fines in an aggregate amount of approximately RMB1.0 million. As of the Latest Practicable Date, we had fully settled such fines. In all cases, the construction contractors we had commenced construction according to the development schedule but the relevant construction works commencement permit was not issued in time pursuant to our original schedule. Pursuant to verbal consultation with the relevant governmental authority, we were advised that the construction works commencement permit would be issued at an earlier date. We failed to adequately train employees of the acquired project company to follow our internal rules, and the supervisors at the project company decided to commence construction without having obtained a construction works commencement permit in order to expedite the development schedule. The project companies obtained the relevant construction works commencement permits after paying the penalties. As these companies have fully settled the penalties, our PRC legal advisors, FenXun Partners, are of the view that the risks that these companies will be subject to further administrative penalties (including order to cease construction) for these non-compliance incidents are low. In view of our PRC legal advisors’ advice, our Directors consider that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements.

During the Track Record Period, and up to the Latest Practicable Date, we commenced construction works for three of our projects before obtaining the requisite government’s approval of environment impact assessments. In these cases, the construction contractors we had engaged commenced construction according to the development schedule but the relevant environment impact assessment was not completed due to certain new requirements under the relevant regulations or the additional time required by the respective local governments for the internal process. According to the

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relevant PRC laws and regulations, we may be ordered to cease construction and be subject to a fine ranging from RMB50,000 to RMB200,000. According to the interviews with the relevant governmental authorities, as of the Latest Practicable Date, no administrative penalties had been or were intended to be imposed on these companies for violation of PRC laws and regulations with regard to environmental protection. In addition, of the three projects, we had subsequently obtained the requisite environmental approval in two projects and will continue to seek the approval with respect to the third project. As such, our PRC legal advisors, FenXun Partners, are of the view that the risks that these companies will be subject to administrative penalties (including order to cease construction) are low. In view of our PRC legal advisors' advice, our Directors consider that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements.

Internal Control Measures to Ensure On-going Compliance

We have established internal procedures to ensure that our subsidiaries will obtain all necessary permits, licenses and regulatory approvals prior to commencing any construction work in the future. We have a team in each of our project companies responsible for obtaining these permits, licenses and approvals for property development and they are required to obtain written approval from the chairman's office at our headquarters before undertaking any construction work for new projects or new project phases. Our headquarters conducts monthly inspections on all of our construction sites through our on-site construction management/quality control teams to prevent commencement of construction work before obtaining all necessary permits, licenses and approvals. The audit and legal center at our headquarters will also conduct annual investigation and evaluation of any issue detected and implement appropriate measures for rectification. We also seek cooperation and closer communications with our joint ventures to ensure them to commence construction works after obtaining all necessary permits, licenses and approvals through monthly progress meetings. We believe such measures are adequate and effective.

Failure to Make Sufficient Social Insurance Fund and Housing Provident Fund Contributions

Details of the Historical Non-compliance Incidents

We did not make sufficient social insurance fund and housing provident fund contributions for our employees in some of our subsidiaries as required under PRC laws and regulations during the Track Record Period due to miscommunication between our departments, inconsistency in implementation or interpretation of the relevant PRC laws and regulations among government authorities in the PRC and, in some cases, voluntary decisions by the relevant employees not to make such contributions. Our property management companies have relatively high employee turnover rates, and some employees preferred to be paid extra cash in lieu of our social insurance fund and housing provident fund contributions for them.

According to the relevant PRC laws and regulations, we may be ordered to pay the social insurance fund contribution overdue and be subject to an overdue penalty at a daily interest rate of 0.05% on any delinquent payment. If we fail to do so within a given period as required by the local social insurance authorities, we may be subject to a penalty of up to three times of the amount of the delinquent payment. In respect of housing provident fund contribution, according to the relevant PRC

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laws and regulations, the relevant governmental authority may require us to make the unsubscribed contribution within a given period, and, if we fail to do so within the given period, may apply to a PRC court for an order to enforce the payment. As of the Latest Practicable Date, we had not received such requirement from the relevant governmental authority. We obtained confirmation letters from local social insurance fund management bureaus and housing provident fund management centers stating that the relevant subsidiaries had paid the social insurance fund and housing provident fund contributions as scheduled and had not been imposed any administrative penalty. According to the Law on Administrative Penalty of the PRC 《中華人民共和國行政處罰法》, where an illegal act is not discovered within two years of its commission, administrative penalty, including but not limited to a fine, shall no longer be imposed, except as otherwise prescribed by law. Based on the above, our PRC legal advisors, FenXun Partners, are of the view that our risk of being ordered to make retrospective payment or imposed any penalty is remote. Out of an abundance of caution, however, we made a full provision for unsubscribed contribution to social insurance and housing provident fund in the aggregate amount of approximately RMB16.3 million as of June 30, 2015, which was the difference between the maximum aggregate amount of such contributions and contributions we had actually made.

Internal Control Measures to Ensure On-going Compliance

In order to ensure on-going compliance with PRC laws and regulations relating to social security insurance and housing fund contributions, we have designated the administration office of our regional centers to be responsible for matters relating to social security insurance and housing fund contributions of our subsidiaries and report to the general managers of our subsidiaries. We have designated the chairman's office at our headquarters to be responsible for to ensure that we fulfill our obligation in respect of the social security insurance and housing provident fund contributions in a timely manner. The chairman's office at our headquarters and the administration office of the regional centers will jointly investigate into any issue detected. Each of our subsidiaries must provide evidence of social security insurance and housing fund contributions to the chairman's office at our headquarters from time to time for its review. The chairman's office at our headquarters is responsible for investigating into any failure to provide such evidence. We believe such measures are adequate and effective.

Lack of Lease Registration

Details of the Historical Non-compliance Incident

Registrations of lease agreements require the submission of certain documents of landlords and tenants, including their identity documentation, to relevant authorities, and therefore the registrations are subject to cooperation of landlords or tenants which is not within our control. During the Track Record Period, we failed to register some of the lease agreements we entered into as tenant for certain properties which we used as office premises. We sought cooperation from the landlords at the leased properties to register executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation, to relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC legal advisors, FenXun Partners, have advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government

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authorities may require us to rectify the non-compliance within a period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. For the risk associated with the above property title deficiencies, see the section headed “Risk Factors—Risks Relating to Our Business—We may be subject to fines due to the lack of registration of our leases” in this prospectus. As of the Latest Practicable Date, we had not received any rectification order or been subject to any fine in respect of non-registration of lease agreements. As such, our PRC legal advisors, FenXun Partners, are of the view that the risks that we will be subject to fines for these non-compliance incidents are low. In view of our PRC legal advisors’ advice, our Directors consider that such non-compliance would not have a material operational or financial impact on us. Accordingly, no provision was made in our financial statements.

Internal Control Measures to Ensure On-going Compliance

In order to ensure on-going compliance with the PRC laws and regulations relating to registration of executed lease agreements, where we are the tenant to an executed lease agreement, we will continue to seek cooperation from the landlords of the leased properties to register executed lease agreements with the relevant PRC government authorities. We have established internal procedures to ensure timely registration of leased properties. Our headquarters and project companies will keep a list of our leased properties with detailed information including the status of the lease registration. Our headquarters also conducts quarterly inspection into all our leased agreements and will assign designated persons to follow up if we find any lease has not been registered after 30 days from the date of the lease agreement. We believe we have implemented adequate and effective measures internally. However, as we do not control the landlords, there is no assurance whether and when our landlords will register the leases.

Certain Other Non-compliance Incidents

During the Track Record Period, we also experienced the following type of non-compliance incidents that we do not consider to be material.

Interest-free Advances Provided to and Received from Joint Ventures

Details of the Historical Non-compliance Incidents

During the Track Record Period, we provided interest-free advances to and received interest-free advances from related parties, primarily joint ventures. See the sections headed “Financial Information—Certain Consolidated Balance Sheet Items—Amounts Due from Related Parties—Amounts Due from Joint Ventures,” “—Amounts Due from an Associated Company” and “—Amounts Due to Related Parties—Amounts Due to Joint Ventures.” In each case where we provided funds, we and our joint venture partner agreed to provide interest-free funds to the relevant project company in proportion to equity interests held in order to finance land acquisition and as working capital. The project company will repay the amounts due to us and our joint venture partner on demand once it obtains external borrowings or commences pre-sale and generate cash flow. Similarly, in each case where we received funds, we and our joint venture partners received interest-free advances from the relevant project company when it had excess liquidity and we used the

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funds for our own project development or working capital use. Such advances were repayable to the relevant project company on demand, which would necessarily be subject to agreement between us and the joint venture partner. Such transactions were not mandatory and typically permitted by the relevant joint venture agreements.

Confirmations of Directors and Relevant PRC Government Authorities and Opinion of PRC Legal Advisors

Pursuant to the General Rules on Loans (《貸款通則》), promulgated by the PBOC on June 28, 1996, an enterprise in the PRC is not allowed to extend loans without PBOC's permission, and PBOC may impose a fine on the lender in an amount not to exceed five times the income the lender derives from any unpermitted lending. Our Directors confirm, however, that (i) all of the advances described above were interest-free from which we did not derive any income; (ii) the advances were made not to the general public but to specific enterprises with which we have an ownership relationship; (iii) we have not engaged in the loan business and (iv) we have not been subject to any sanctions by the PBOC or any other relevant government authorities for our involvement in these transactions.

We, the Sole Sponsor and our PRC legal advisors, FenXun Partners, conducted an interview with the responsible officer of the Urban Commercial Office (城市商業處) of the Fujian Bureau of the CBRC (中國銀行業監督管理委員會福建監管局) on October 8, 2015, and another interview with the responsible officer of the Enforcement Division (現場監督局) of the CBRC at its Beijing headquarters on October 9, 2015. During the interviews, we described the inter-company cash advances in which we were involved to the relevant officials being interviewed. During both interviews, the officials indicated that the respective authorities would not punish inter-company lending, especially where the advances do not carry an interest. Both officials acknowledged that they had not received any complaints and would not take any punitive actions against us, the Directors or our senior management in relation to such advances. As confirmed by our PRC legal advisors, FenXun Partners, the CBRC is a competent and appropriate PRC government authority to be consulted with and to provide advice in respect of such advances, and the officials interviewed are competent and appropriate officials for such consultations.

Based on these confirmations, our PRC legal advisors, FenXun Partners, are of the view that, since we have not derived any income from these transactions, have not conducted these transactions with the general public and have not engaged in the loan business, these transactions do not constitute a material breach of the General Rules on Loans. FenXun Partners have advised us that the General Rules on Loans empower the PBOC to impose two types of penalties: (a) a fine on the lender of an unpermitted lending in an amount not to exceed five times the income the lender derives from such lending and/or (b) an order to terminate (取締) such lending. Since we have not derived any income from these transactions, FenXun Partners are of the view that we would not have been subject to fines by the PBOC or the CBRC for these transactions in the past and will not be so fined in the future; furthermore, since these transactions will be fully settled before Listing, the PBOC's power to terminate them will practically not be relevant. Therefore, we are not subject to potential penalty and our involvement in these transactions will not have a material adverse effect on our business, and we have made no provision in relation to these interest-free advances.

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In addition, according to FenXun Partners, the technical breach of the General Rules on Loans does not render the underlying contractual relationship invalid or unenforceable. According to the Provisions of the Supreme People's Court on Certain Issues Concerning Application of Law in Trial of Cases Involving Private Lending (最高人民法院關於審理民間借貸案件適用法律若干問題的規定), which became effective on September 1, 2015, private lending contracts with legitimate cause shall generally be upheld as valid and even interest provisions (if included) shall generally be upheld as enforceable if the agreed interest rate does not exceed 24% per annum. Therefore, our ownership interest in the advances we had made is protected by PRC contract law.

Internal Control Measures to Ensure On-going Compliance

The incidents occurred on an inadvertent basis due to a lack of awareness by our senior management and Directors of a piece of PRC regulation not within the Company's principal scope of business. Had our senior management and Directors been aware of such regulation, they would not have approved the relevant transactions. We have terminated such practices since August 2015 and established internal procedures with respect to compliance with the General Rules on Loans going forward. Our financial and capital management center, which is located at our headquarters and is responsible for our financial management, comprehensive budget control, audit and tax management and capital and asset management, has modified the internal capital management policy and implemented on September 2, 2015, prohibiting our Group and any subsidiaries, joint ventures and associated company to provide or receive advances from related parties. We designated Ms. Zeng Feiyan, our chief financial officer, to be the final approver of the capital financing approval process. We will conduct our internal audit review on capital financing-related matters each quarter. The first review was conducted in September 2015 and we did not identify any material non-compliance issues. Any violation to the internal capital management policy will be reported to our board of Directors.

We do not expect that the joint ventures and associated company we have as of the date of this prospectus will need further funding from us and the relevant partners. In the event, however, that such funding needs emerge, either with the existing joint ventures and associated company or new ones we may establish in the future, we plan to provide such funding in a manner that is strictly in compliance with applicable laws and regulations. One common method for doing so is the employment of an entrusted loan. Under an entrusted loan arrangement, we would entrust a commercial bank to extend a loan to the receiving joint venture, with the terms including amount, currency, tenor, interest rate and use of proceeds fixed by us, and the commercial bank would assist us in monitoring the use of the proceeds and collecting repayment. According to our PRC legal advisors, FenXun Partners, the provision of entrust loan services is a common and lawful business practice for commercial banks in the PRC. Similarly, in the event that our joint ventures and associated companies intend to distribute cash to us and our partners (when, for example, the relevant project companies have completed the capital-intensive development phase and started to accumulate distributable profits from operations), we will ensure that such distribution is made in a manner that is in strict compliance with applicable laws and regulations. We envisage that such distribution will take the common form of a dividend from the joint ventures or associated companies to the project partners in proportion to their shares of equity interest or, if necessary, an entrusted loan as described above.

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Internal Control Measures to Ensure Future Compliance

In addition to what is disclosed above, during the Track Record Period, we experienced certain other incidents that were not considered material. See the section headed “Risk Factors—Risks Relating to Our Business—We may be subject to sanctions by the PRC government if we fail to comply with relevant PRC laws and regulations or be subject to late fees if we breach the terms of the land grant contracts.” We engaged an independent consulting firm (the “Internal Control Consultant”), as our internal control consultant to perform a review over selected areas of our internal controls over financial reporting (the “Internal Control Review”) in August 2014 with a follow-up review (the “Follow-up Review”) in June 2015. In September 2015, we also engaged the Internal Control Consultant to perform an additional review on the remedial internal controls to prevent future occurrence of the non-compliance incidents (the “Additional Review”).

The scope of Internal Control Review performed by the Internal Control Consultant was agreed between us, the Sponsor and the Internal Control Consultant. The Internal Control Review covered selected areas of our internal controls over financial reporting on entity-level and business process level controls, including revenue and receivables, purchases and payables, fixed assets, treasury, financial reporting, payroll and general controls of information technology. The Internal Control Consultant performed the Follow-up Review to evaluate our management actions to address the findings of the Internal Control Review. The Internal Control Consultant did not have any further recommendation in the Follow up Review.

To prevent the occurrence of any non-compliance incidents in the future, we adopted remedial internal controls (the “Remedial Internal Controls”). See each of the sub-sections headed on “Internal Control Measures to Ensure On-going Compliance” above in the section “—Systemic Non-compliance.” The Internal Control Consultant performed the Additional Review on the Remedial Internal Controls and did not raise any further recommendation.

The Internal Controls Review, the Follow-up Review and the Additional Review were conducted based on information provided by the Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant.

To prevent the occurrence of any non-compliance of laws or regulations or breaches of commercial contracts in the future, we also adopted the following steps and measures to further enhance our corporate governance practices and the effectiveness of our internal control procedures:

- (i) we have formally established an audit committee, a remuneration committee and a nomination committee, and their primary duties include, among others, providing an independent view of our financial reporting process, internal control and risk management system, ensuring the levels of remuneration and compensation are appropriate, and recommends to the board of Directors with suitably qualified persons;
- (ii) we have appointed Wu Jian (吳劍) and Ruan Youzhi (阮友直) to be the Company’s designated Director and senior management member, respectively, responsible for the proper implementation of the internal control measures and overseeing our compliance with relevant laws and regulations in the PRC and to liaise with the PRC legal advisors regarding compliance issues;

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- (iii) we seek to proactively identify any concerns and issues relating to potential non-compliance by providing training (organized by our administrative and legal department) to the management of all departmental levels regarding the need for preventive and self-check measures to ensure compliance with all applicable laws and regulations;
- (iv) we are in the process of continuously improving, our internal control framework by adopting a set of internal control manual and policies, including the corporate governance manual, which covers corporate governance, risk management, operations, legal matters, finance and audit;
- (v) we have implemented internal computer and information technology management guidelines and enhanced our file management system;
- (vi) we have established an email account and a telephone hotline through which an employee can report potential non-compliance exposures, so that we could promptly detect problems and undertake corrective measures;
- (vii) we have retained PRC legal advisors to review and advise on our regulatory compliance in respect of all relevant PRC laws and regulations, including changes to such laws and regulations, which may affect our business operations in the PRC;
- (viii) we have implemented internal guidelines and policies for approving, reporting and monitoring all financing transactions with proper segregation of duties;
- (ix) we have revised our sales strategy management manual to ensure all sales staff attend orientation and on-the-job trainings on sales procedure and business standard management, setting a requirement standard on the communication content between the sales staff and customers, in which the sales staff will be regularly checked;
- (x) the Directors have received and reviewed a detailed memorandum prepared by our legal advisors as to Hong Kong laws setting out general Listing Rules and Hong Kong company law requirements and obligations of the Directors after Listing;
- (xi) we have engaged Guotai Junan as our compliance advisor to advise our Directors and management team on matters relating to the Listing Rules. The term of appointment of the compliance advisor shall commence on the Listing Date and end on the date of dispatch of our annual report in respect of its financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement; and
- (xii) we will provide training to our employees to raise their awareness on the importance of internal control and legal compliance.

Senior officers of different departments of our Group are required to report to the audit and legal center, on a timely basis in relation to any problems or issues concerning compliance and internal control. In addition, the director of the audit and legal center will meet with such officers from time to time to review the effectiveness of the above internal control measures, and to ensure that the same have been properly implemented.

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Our Directors and the Sole Sponsor's Views

Based on the facts and circumstances leading to our non-compliance incidents, the rectification measures taken to address such incidents and the internal control measures to ensure on-going compliance, our Directors are of the view, and the Sole Sponsor, after reviewing the above internal control measures, are satisfied, that the above measures are adequate and will effectively ensure a proper internal control system to prevent future similar non-compliance with the PRC laws and regulations, and our non-compliance incidents do not have any material impacts on the suitability of our Directors under Rules 3.08, 3.09 and 8.15 of the Listing Rules and the suitability of our Company under Rule 8.04 of the Listing Rules and nothing has caused the Sole Sponsor to believe that the aforesaid measures are not adequate and effective.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OVERVIEW

Immediately following the Capitalization Issue and completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), Dingxin will directly hold 1,012,500,000 Shares, representing 75% of the enlarged issued share capital of our Company. Dingxin is a wholly owned subsidiary of Honesty Global Holdings Limited, whose entire issued share capital is held by TMF (Cayman) Ltd., the trustee of the Ou Family Trust. The Ou Family Trust is a discretionary trust established by Mr. Ou Guofei as the settlor, with Mr. Ou being the protector and Mr. Ou and Ms. Xu Lixiang (the wife of Mr. Ou) being the discretionary beneficiaries. Pursuant to the trust deed in respect of the Ou Family Trust, Mr. Ou, as the protector of the Ou Family Trust, has the power to exercise all voting rights attached to the shares in Honesty Global Holdings Limited. Mr. Ou Guofei, as the settlor of the Ou Family Trust, is deemed to be interested in the shares of Honesty Global Holdings Limited. Accordingly, Mr. Ou, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin will become our Controlling Shareholders under the Listing Rules. For more details of the Ou Family Trust, please see the section headed “History, Reorganization and Group Structure—The Reorganization—(5) Establishment of the Ou Family Trust.”

Apart from his interests in our Group as a result of the Ou Family Trust, Mr. Ou also owns equity interest in certain companies which are engaging in the businesses of hotel operation and property management and has minority equity interest in a domestic bank through a company he owns. Mr. Ou beneficially owns: (i) the entire equity interest in Dingcheng Investment, the holding company of a group of companies (“Dingcheng Group”), which in turn holds 100% equity interest in Hemei (Zhangzhou) Hotel Investment Company Limited (“Hemei Zhangzhou Hotel Investment”); and (ii) 52% equity interest in Rongxin Fujian Property Management. Dingcheng Group and Rongxin Fujian Property Management were not involved in real estate development business during the Track Record Period, and do not currently have any real estate development project. Hemei Zhangzhou Hotel Investment is engaging in the business of hotel operation and owns Zhangzhou Rongxin Crowne Plaza Holiday Hotel (the “Zhangzhou Rongxin Hotel”), a hotel developed by our Group in Zhangzhou and subsequently transferred to Hemei Zhangzhou Hotel Investment. Hemei Zhangzhou Hotel Investment was excluded from our Group because its business is different from our Group’s core business. Although we are also developing and will operate two hotels in Fuzhou and Xiamen, Fujian province, respectively, our Directors are of the view that the business of Hemei Zhangzhou Hotel Investment does not directly or indirectly compete with those of our Group in light of the reasons set out under the subsection headed “—No Competition and Clear Delineation of Business” below.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after Listing.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Management Independence

The Board comprises four executive Directors and three independent non-executive Directors. For more details, please see the section headed “Directors and Senior Management” in this prospectus. Amongst the members of our Board, only Mr. Ou, our Chairman, executive Director and Chief Executive Officer, is also a Controlling Shareholder.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she must act for the benefit of and in the best interests of our Company and not allow any conflict between his duties as a Director and his or her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he or any of his or her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting. In addition, we believe that our independent non-executive Directors can bring independent judgment to the decision-making process of the Board.

The daily operation of our Group is carried out by an independent experienced management team. We have the capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources, business management, construction management/quality control and design on a standalone basis. Mr. Ou, our Chairman, executive Director and Chief Executive Officer, is the sole director of Dingxin, a company incorporated as part of the Reorganization for investment holding purpose only which had not commenced actual business operation other than investment holding as of the Latest Practicable Date. In addition, Mr. Ou is also a director and a shareholder of Dingcheng Investment. However, he does not participate in the management of its subsidiaries. As such, he will be able, and has undertaken, to devote most of his time and attention to the management of our Group. Save as disclosed above, there is no overlapping of directorships or senior management between our Group on the one hand and Dingcheng Investment, Dingcheng Group or Rongxin Fujian Property Management on the other hand.

Based on the above, our Directors are satisfied that our Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational Independence

We have full rights to make all decisions on, and to carry out, our own business operation independently of our Controlling Shareholders and their respective close associates and will continue to do so after Listing.

Intellectual property rights and licenses required for operation

We are not reliant on trademarks owned by our Controlling Shareholders or their respective close associates. In addition, we hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational facilities

As of the Latest Practicable Date, we leased properties from independent third parties with a total GFA of approximately 9,228 sq.m. as office premises. All the properties and facilities necessary to our business operations are independent from our Controlling Shareholders and their respective close associates.

Employees

As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, advertisements in newspapers, recruiting firms and internal referrals.

Connected transactions with our Controlling Shareholders

Save for the continuing connected transactions set out in the section headed “Connected Transactions” in this prospectus, our Directors do not expect there to be any other transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after Listing. The continuing connected transactions between the close associate of Mr. Ou and our Group involve only the provision of pre-delivery property management services to our property projects and the management services to our display units, sales offices and community clubhouses. It is expected that in the event that Rongxin (Fujian) Property Management does not submit tender bids for the provision of such services to our Group or we cease to engage Rongxin (Fujian) Property Management as the services provider, there will be other comparable services providers readily available in the market for the provision of such services to our Group as other services providers have on a regular basis submitted tender bids for the provision of relevant services to our Group. In addition, none of our Controlling Shareholders and Directors or their respective close associates has been our major supplier or customer which provide any critical services or materials for our operation. Thus, the existence of the above continuing connected transactions will not affect our operational independence from our Controlling Shareholders after Listing.

Based on the above, our Directors are satisfied that we have been operating independently of our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to maintain such operational independence.

Financial Independence

We have established our own financial management center with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

As of June 30, 2015, we had a total borrowing amounting to RMB11,959.4 million guaranteed by our Controlling Shareholder, Mr. Ou. Our Directors confirm that such guarantees provided by our Controlling Shareholder, Mr. Ou, will be released before the Listing. Please see Note 28(b) to the Accountant's Report, the text of which is set out in Appendix I to this prospectus, for details.

As of June 30, 2015, we had no amounts due from our Controlling Shareholders and their respective close associates, and amounts due to our Controlling Shareholder, Mr. Ou, amounting to RMB97.4 million. All the non-trade payables due to our Controlling Shareholder, Mr. Ou, will be released or fully settled prior to Listing using funds generated from operations. Please see Note 33 to the Accountant's Report, the text of which is set out in Appendix I to this prospectus, for details.

Save as disclosed above, as of the Latest Practicable Date, there were no other loans, advances or balances due to or from our Controlling Shareholders or their respective close associates which had not been fully settled nor were there any pledges and guarantees provided by any of our Controlling shareholders or their respective close associates on the Group's financing which had not been fully released or discharged.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from the Controlling Shareholders and their respective close associates.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Apart from holding interests in our Group as a result of the Ou Family Trust, Mr. Ou also owns equity interest in certain other companies which are engaging in the businesses of hotel operation and property management (the "Non-Group Business"), details of which are set out below.

The Non-Group Business

(i) Hotel Operation

Hemei Zhangzhou Hotel Investment is a member of the Dingcheng Group, which owns and operates Zhangzhou Rongxin Hotel. Zhangzhou Rongxin Hotel is a high-end hotel in Zhangzhou, Fujian province and was opened in August 2014.

(ii) Property Management

Rongxin Fujian Property Management is owned as to 52% by Mr. Ou. Rongxin Fujian Property Management is engaging in the provision of property management services and it has been providing property management services to our property projects during the Track Record Period and will continue to do so after Listing. Details of the continuing connected transactions between Rongxin Fujian Property Management and our Group are set out in the section headed "Connected Transactions" in this prospectus.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Reasons for Exclusion of the Non-Group Business

The Non-Group Business has not been injected into our Group prior to the Listing for the following reasons:

(i) Hotel Operation

Our Group is primarily engaged in the development of mid- to high-end residential properties targeting middle to upper-middle income households with demands for home upgrades. To diversify our sources of income, we also develop commercial properties at prime locations, including office buildings, retail shops and other commercial properties. We considered that it would be commercially justifiable to exclude the business of hotel operation from our Group for a number of reasons: (a) from a strategic perspective, operation of hotels is not the main stream of business which our Group would like to focus on; and (b) from an operational perspective, the expertise and resources required for hotel operation are different from those of property projects development. Thus, we have not included Hemei Zhangzhou Hotel Investment in our Group.

Notwithstanding the above, our Group owns two hotels in Fuzhou and Xiamen, Fujian province (the “Group’s Hotels”), respectively, which are currently under construction in light of the following reasons:

- (a) at the time when we obtained the land parcels for the development of the commercial complexes on which the Group’s Hotels are situated, construction of the Group’s Hotels was a requirement under the relevant land grant contracts; and
- (b) our Group is unable to dispose of the Group’s Hotels because the title of the portion of the land on which the Group’s Hotels are situated cannot be separated from the entire piece of land due to the restrictions (the “Restricted Provisions”) provided under the relevant land grant contracts (unlike the land on which the Zhangzhou Rongxin Hotel is situated) and, therefore, the project companies holding such land parcels cannot be demerged for disposal.

However, we are of the view that the hotel operation business owned by Mr. Ou does not compete or is unlikely to compete, either directly or indirectly, with our business in light of the following reasons:

- (a) Zhangzhou Rongxin Hotel is located in Zhangzhou, Fujian province, while the Group’s Hotels are located in Fuzhou and Xiamen, Fujian province, thus, there is a clear geographical delineation between them;
- (b) given the location-oriented nature of hotels that the tourists in one city are unlikely to stay in a hotel in another city, thus, the distinct locations of Zhangzhou Rongxin Hotel and the Group’s Hotels have provided a clear delineation between the hotel business opportunity as will be presented by the two hotels and the hotel business owned by Mr. Ou; and

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (c) certain rights granted by Mr. Ou to our Company under the Deed of Non-competition may serve to mitigate competition between Mr. Ou (and his close associates) and our Group. In order to further protect the interest of our Shareholders, Mr. Ou has also given certain undertakings in favor of our Group under the Deed of Non-competition. For details of the Deed of Non-competition, please see “—Non-competition Undertakings” below.

Our Confirmations

Our Group intends to hold the Group’s Hotels for investment purposes, however, given that the Group’s Hotels are included in our Group due to the restrictions under the land grant contracts as mentioned above and it is our intention to dispose of the Group’s Hotels when it is practicably possible, we have confirmed that:

- (i) after the aforementioned restrictions under the land grant contracts are lifted and when we consider that the disposal of the Group’s Hotels is in the benefit of our Group, we will apply for separation of the title of the land portion on which the Group’s Hotels are situated (the “Hotel Land Portion”) and when the project companies holding the land parcels can be demerged into companies holding only the Hotel Land Portion (the “Demerged Companies”), we will then dispose of our interests in the Demerged Companies;
- (ii) we will not participate in any future development or operation of hotels in cities where Mr. Ou or any of his close associates (other than members of our Group) carries out hotel operation business, unless the construction of the hotel is required as an undivided part of the project development under the land grant contracts of the land for our property projects in future; and
- (iii) in cases where our Group develops and/or operates any other hotels in the future (the “Other Group’s Hotels”) in circumstances where the construction of the hotel is required as an undivided part of the project development under the land grant contracts of the land for our property projects, after the relevant restrictions under the land grant contracts are lifted, we will also apply for separation of the title of the land portion which any Other Group’s Hotels are situated (the “Other Hotel Land Portion”) and when the project companies holding the land parcels can be demerged into companies holding only the Other Hotel Land Portion (the “Other Demerged Companies”), we will then dispose of our interest in the Other Demerged Companies.

In the event that we enter into any transactions with respect to the disposal of any of the Demerged Companies or the Other Demerged Companies, we will comply with the relevant requirements under the applicable PRC laws and regulations and the Listing Rules after Listing.

(ii) Property Management

It is our Group’s strategy to focus on property development. As the expertise and resources required for property management services are different from those of property projects development, in order to focus our resources on property projects development and also to streamline our business, Mr. Ou, our Controlling Shareholder, decided not to inject Rongxin Fujian Property Management into

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

our Group. Although a subsidiary of Shiou Property (a joint venture of our Group in which we own 50% of its equity interest) is engaging in the provision of property management services exclusively for the property projects of Shiou Property and its subsidiaries, we do not have effective control over the majority of its equity interest or management and therefore it is not a member of our Group and we do not engage in the provision of property management services ourselves. As such, we are of the view that the property management business owned by Mr. Ou has not given and is unlikely to give rise to any direct or indirect competition with the business of our Group.

Save as disclosed above, as of the Latest Practicable Date, none of our Controlling Shareholders or our Directors was engaged or had interest in any 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.

NON-COMPETITION UNDERTAKINGS

To ensure that competition does not develop between us and other business activities and/or interests of our Controlling Shareholders, each of our Controlling Shareholders (collectively, the “Covenantors” and each, a “Covenantor”) entered into a deed of non-competition undertakings (the “Deed of Non-competition”) in favor of our Company on December 22, 2015, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with our Company that, save for the businesses carried on by them as already disclosed in this prospectus, at any time during the Relevant Period (as defined below), the Covenantor shall not, and shall procure that its/his close associates (other than members of our Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the “Restricted Business”).

The above restrictions do not prohibit any of the Covenantors and its or his close associates (excluding members of our Group) from:

- (a) holding any securities of any companies which conducts or is engaged in any Restricted Business through their interest in our Group;
- (b) through acquiring or holding any investment or interest in units or shares of any company, investment trust, joint venture, partnership or other entity in whatever form which engages in any Restricted Business where such investment or interest does not exceed 10% of the issued shares of such entity provided that (1) such investment or interest does not grant the Covenantors or their respective close associates any right to control the composition of the board of directors or managers of such entity, (2) none of the Covenantors or their respective close associates control the board of directors or managers of such entity, and (3) such investment or interest does not grant the Covenantors or their respective close associates any right to participate directly or indirectly in such entity; or

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- (c) participating in any New Business Opportunities (as defined below) if our Group has declined the New Business Opportunities or no written notice has been received from our Group of our decision to pursue or decline the New Business Opportunity that we shall be deemed to have declined the New Business Opportunity as set out below.

In relation to the hotel business, Mr. Ou has:

- (i) granted a put option to the Company (the “Hotel Put Option”) pursuant to which in the event the Group shall sell, transfer or otherwise dispose of the equity interests in any of the Demerged Companies or the Other Demerged Companies, it shall have the right to require Mr. Ou, any of his close associates, or any other third party procured by Mr. Ou, subject to the satisfaction of all relevant requirements under the applicable PRC laws and regulations and the Listing Rules, to purchase the entire equity interests of that Demerged Company or Other Demerged Company at a consideration to be determined based on the fair market value of such equity interests at the time of the exercise of the Hotel Put Option (to be determined based on a valuation to be conducted by an independent valuer appointed by the Company); and
- (ii) undertaken that, save for the operation of Zhangzhou Rongxin Hotel and the acquisition of hotel business from our Group pursuant to the exercise of the Hotel Put Option by the Group, he and his close associates will not participate in any other business opportunities relating to the development, operation or management of hotels.

Each of the Covenantors has also undertaken to refer, or to procure the referral of, any investment or commercial opportunities relating to any Restricted Business (“New Business Opportunities” and each, a “New Business Opportunity”) to us (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time) in the following manner:

- As soon as it/he becoming aware of any New Business Opportunity, give written notice (the “Offer Notice”) to us identifying the target company (if relevant) and the nature of the New Opportunity, detailing all information available to it/him for us to consider whether to pursue such New Business Opportunity (including details of any investment or acquisition costs and the contact details of the third parties offering, proposing or presenting the New Business Opportunity to it).
- Our Company shall, as soon as practicable and in any case within 25 Business Days from the receipt of the Offer Notice (the “Offer Notice Period”) notify the relevant Covenantor in writing of any decision taken to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party offering his/her, proposing or presenting the New Business Opportunity and the relevant Covenantor shall use its/his best endeavors to assist us in obtaining such New Business Opportunity on the same or more favorable terms.
- Our Company is required to seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline the New Business Opportunity, and that the appointment of an independent financial advisor to advise on the terms of the transaction in the subject matter of such New Business Opportunity may be required.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- The relevant Covenantor may, at its/his absolute discretion, consider extending the Offer Notice Period as appropriate.
- The relevant Covenantor shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if:
 - (i) it/he has received a written notice from us declining the New Business Opportunity; or
 - (ii) it/he has not received any written notice from us of our decision to pursue or decline the New Business Opportunity within 25 Business Days from our receipt of the Offer Notice, or if it/he has extended the Offer Notice Period, within such other period as agreed by it, in which case our Company shall be deemed to have declined the New Business Opportunity.
- If there is a change in the nature or proposal of the New Business Opportunity pursued by the relevant Covenantor, it/he shall refer the New Business Opportunity as revised and shall provide to us details of all available information for us to consider whether to pursue the New Business Opportunity as revised.

When considering whether or not to pursue any New Business Opportunities, our independent non-executive Directors will form their views based on a range of factors, including but not limited to, the estimated profitability, investment value and permits and approval requirements. The Covenantors, for themselves and on behalf of their close associates (except any members of our Group), have also acknowledged that our Company may be required by the relevant laws, regulations and rules and regulatory bodies to disclose, from time to time, information on the New Business Opportunities, including but not limited to disclosure in announcements to the public or annual reports of our Company our decisions to pursue or decline the New Business Opportunities, and have agreed to disclose to the extent necessary to comply with any such requirements.

Under the Deed of Non-competition, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

- (i) the Covenantors shall provide, and shall procure their close associates (other than members of our Group) to provide, during the Relevant Period (as defined below), where necessary and at least on an annual basis, all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantors' and their close associates' (other than members of our Group) compliance with the Deed of Non-competition, and to enable the independent non-executive Directors to enforce the Deed of Non-competition;
- (ii) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to us with an annual declaration for inclusion in our annual report, in respect of their compliance with the terms of the Deed of Non-competition;

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

- (iii) the Covenantors have agreed and authorized us to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition, either through our annual reports or by way of announcements to the public; and
- (iv) each of the Covenantors agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of any failure to comply with the terms of the Deed of Non-competition by the Covenantors or any of their respective close associates.

Our Company will disclose the decisions with basis on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition either in the annual report of our Company or by way of announcements to the public.

For the purposes of the above, the “Relevant Period” means the period commencing from the Listing Date and shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of our Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between the Controlling Shareholders and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- the independent non-executive Directors will review, on an annual basis, the compliance with non-competition undertakings by the Controlling Shareholders under the Deed of Non-competition;
- the Controlling Shareholders have undertaken to us that they will, and will procure their respective close associates to, provide all information which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;
- our Company will disclose decisions and related basis on matters reviewed by the independent non-executive Directors (including all rejections by our Company of New Business Opportunities that have been referred from the Controlling Shareholders) relating to the compliance with and enforcement of the non-competition undertakings by the Controlling Shareholders under the Deed of Non-competition in the annual reports of our Company or by way of announcements to the public; and
- the Controlling Shareholders to make annual statements on compliance with the Deed of Non-competition in our annual reports, which is consistent with the principles of making disclosure in the corporate governance report of the annual report under the Listing Rules.

CONNECTED TRANSACTIONS

We have entered into certain transactions with certain persons who will become our connected persons upon Listing under the Listing Rules, the details of which are set out below. The transactions disclosed in this section will continue after Listing and hence, upon Listing, will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

(A) CONNECTED PERSONS

We have entered into transactions with the following parties which will become our connected persons upon Listing:

1. **Rongxin (Fujian) Property Management Company Limited (“Rongxin Fujian Property Management”)**

Rongxin Fujian Property Management is owned as to 52% by Mr. Ou, a Controlling Shareholder, our executive Director and Chief Executive Officer, and is therefore an associate of Mr. Ou and our connected person upon Listing.

2. **Shanghai Goldstate Brilliance Asset Management Company Limited (上海金元百利資產管理有限公司) (“Shanghai Goldstate”)**

Due to the financing arrangements as disclosed under the subsection headed “—(C) Non-Exempt Continuing Connected Transactions—2. Financial Assistance Arising From the Subsisting Type (iii) Arrangements” below, Shanghai Goldstate holds 49% equity interest in Xiamen Property, a subsidiary of our Company, and will therefore become our connected person upon Listing.

3. **Shenzhen Pingan Dahua Huitong Wealth Management Company Limited (深圳平安大華匯通財富管理有限公司) (“Pingan Wealth Management”)**

Due to the financing arrangements as disclosed under the subsection headed “—(C) Non-Exempt Continuing Connected Transactions—2. Financial Assistance Arising From the Subsisting Type (iii) Arrangements” below, Pingan Wealth Management holds 70% equity interest in Fuzhou Shuanghang Investment, a subsidiary of our Company, and will therefore become our connected person upon Listing.

4. **Tianhong Innovative Asset Management Co., Ltd. (天弘創新資產管理有限公司) (“Tianhong Asset Management”)**

Due to the financing arrangements as disclosed under the subsection headed “—(C) Non-Exempt Continuing Connected Transactions—2. Financial Assistance Arising From the Subsisting Type (iii) Arrangements” below, Tianhong Asset Management holds 90% equity interest in Hangzhou Kaizhu and 70% equity interest in Changle Rongxin Investment, each being a subsidiary of our Company, and will therefore become our connected person upon Listing.

CONNECTED TRANSACTIONS

5. **Oriental Chuangfu No.2 (Shenzhen) Investment Enterprise (Limited Partnership) (東方創富貳號(深圳)投資企業(有限合夥)) (“Oriental Chuangfu No.2 (Shenzhen) LLP”)**

Due to the financing arrangements as disclosed under the subsection headed “—(C) Non-Exempt Continuing Connected Transactions—2. Financial Assistance Arising From the Subsisting Type(iii) Arrangements” below, Oriental Chuangfu No.2 (Shenzhen) LLP holds 40% equity interest in Fuzhou Property, a subsidiary of our Company, and will therefore become our connected person upon Listing.

6. **Members of Shiou Group**

Shiou Property is owned by Rongxin Group and Zhenro Group as to 50% and 50%, respectively. Zhenro Group is a joint venture partner and a connected person of our Group, which is a company owned as to 91.9% by Mr. Ou Zongrong (a brother of Mr. Ou) and 8.1% by Mr. Ou Guoqiang (son of Mr. Ou Zongrong). As such, each of the members of Shiou Group constitutes a connected person of our Company upon Listing.

(B) WHOLLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. **Shiou Guarantees**

During the Track Record Period, relevant members of Shiou Group had entered into a number of facility agreements with certain financial institutions (collectively, the “**Shiou Facility Agreements**” and each, a “**Shiou Facility Agreement**”) to finance its business operations. In connection therewith, Rongxin Group had provided guarantees in proportion to its shareholdings in Shiou Property on a several basis to secure the repayment obligations of Shiou Group under the Shiou Facility Agreements (the “**Shiou Guarantees**”). The Shiou Guarantees will be released automatically upon repayment of the borrowings under the Shiou Facility Agreements by Shiou Group. As of June 30, 2015, the remaining balance of the guaranteed indebtedness under the Shiou Guarantees amounted to RMB2,099,500,000, and it is expected that the Shiou Guarantees will be released in the second half of 2016. For more details of the Shiou Guarantees, please see the section headed “Financial Information—Contingent Liabilities.”

The terms of the Shiou Guarantees are substantially the same and the principal terms thereof are set out below:

Parties:	(a) Rongxin Group (as guarantor); and (b) relevant financial institutions (as creditor).
Terms:	Each of the guarantee agreement in respect of the Shiou Guarantees is effective until two years after expiry of the relevant Shiou Facility Agreement.
Scope of guarantees:	Rongxin Group shall be liable for all moneys and sums whatsoever (including, without limitation, all principal, interest, commitment fee, any other sums, fees, costs, charges and expenses) from time to time owing, due or payable or to become owing, due or payable by relevant members of Shiou Group under or pursuant to the Shiou Facility Agreements.

CONNECTED TRANSACTIONS

Reasons for and benefits of the transaction

The borrowings under the Shiou Facility Agreements have been primarily used towards funding the business operations of Shiou Group, in particular the construction of its property development projects. We do not intend to discharge the Shiou Guarantees prior to Listing, as we are of the view that early discharge of the Shiou Guarantees would require renegotiation with relevant creditors, which would be unduly burdensome and cost-ineffective for our Group. In addition, the provision of the Shiou Guarantees will facilitate Shiou Group to meet its financial needs for business development, while our Group will benefit from the revenue generated from our equity investment in Shiou Group. As such, the Directors (including the independent non-executive Directors) are of the view that the terms of the Shiou Guarantees are on normal commercial terms, fair and reasonable and the provision of the Shiou Guarantees is in the interests of our Company and the Shareholders as a whole.

Implications under the Listing Rules

As the Shiou Guarantees are on normal commercial terms and the guaranteed indebtedness are in proportion to the equity interest directly held by Rongxin Group in Shiou Property on a several basis, pursuant to Rule 14A.89 of the Listing Rules, the provision of Shiou Guarantees are exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2. Pre-Delivery Property Management Agreements

We do not engage in the provision of property management services and therefore the property management services for our property projects have been provided by Rongxin Fujian Property Management, one of our connected persons upon Listing. Rongxin Fujian Property Management had been engaged by us by way of tender in accordance with the relevant property management laws during the Track Record Period. As of the Latest Practicable Date, Rongxin Fujian Property Management provided property management services to all of our property projects.

Before newly developed properties are delivered to future property owners, a property developer usually seeks to engage a property management company by entering into pre-delivery property management agreement. The purpose is primarily to ensure availability of property management services before the property owners' association could be lawfully established and contract with the property management company directly. During the Track Record Period, we had entered into a number of pre-delivery property management services agreements with Rongxin Fujian Property Management in respect of each of our property projects (collectively, the "Pre-Delivery Property Management Agreements" and each, a "Pre-Delivery Property Management Agreement") prior to the delivery of the properties to subsequent property owners. The terms of the Pre-Delivery Property Management Agreements are substantially the same and the principal terms thereof are set out below:

- Parties:**
- (a) Rongxin Fujian Property Management (as services provider); and
 - (b) relevant members of our Group (as services recipient).

CONNECTED TRANSACTIONS

Term:	The Pre-Delivery Property Management Services Agreements are effective until the establishment of the property owners' association for the relevant property projects.
Scope of services:	The typical property management services provided by Rongxin Fujian Property Management under the Pre-Delivery Property Management Agreements primarily include security, cleaning, gardening, repair and maintenance of common area and shared facilities.
Property management fees:	Pursuant to the confirmation letter signed between Rongxin Fujian Property Management and Rongxin Group (on behalf of itself and relevant members of our Group which are parties to the Pre-Delivery Property Management Agreements) (the "Confirmation Letter"), Rongxin Fujian Property Management has confirmed that no property management fees are or shall be payable under the Pre-Delivery Property Management Agreements by each of the members of our Group which is a party to the relevant Pre-Delivery Property Management Agreements. Property management fees shall start to accrue upon delivery of the relevant properties to property owners and shall become payable by such property owners instead of our Group.

Reasons for and benefits of the transaction

With a view to (i) strengthening the cooperation relationship and securing the engagement by our Group regarding, among other things, the management and related services to the display units, sales office and community clubhouses of our Group's property projects in return for management services fees as further described below; and (ii) better understanding the requirements of our Company as to the services needed by early entry, Rongxin Fujian Property Management has made the strategic decision to provide pre-delivery property management services to our Group at nil consideration. During the Track Record Period, the market fees should have amounted to approximately RMB1.7 million if the services were provided by an independent third party.

Based on the established long-term cooperation relationship between Rongxin Fujian Property Management and our Group, Rongxin Fujian Property Management has a track record of providing reliable, efficient and satisfactory pre-delivery property management services to our Group. As compared to other services providers who are independent third parties, it generally has better and more efficient communication with our Group and more thorough understanding of the conditions of our property projects and our requirements of the services needed.

Meanwhile, despite that Rongxin Fujian Property Management had provided property management services to all of our property projects, during the Track Record Period, a number of other services providers who are independent third parties had participated in our bidding process. In light of the list of potential bidders participated in the bidding process in the past, it is expected that in the event that Rongxin Fujian Property Management does not submit tender bids for the provision of pre-delivery management services or otherwise ceases to provide such services to us, there will also be other comparable services provides readily available for the provision of pre-delivery property management services to our Group. As such, the Sole Sponsor and our Directors (including the

CONNECTED TRANSACTIONS

independent non-executive Directors) are of the view that the pre-delivery management services provided by Rongxin Fujian Property Management do not have any negative impact on our operational independence from the Controlling Shareholders. For more details, please see the section headed “Relationship with Controlling Shareholders—Operational Independence—Connected transactions with our Controlling Shareholders.”

Historical transaction amounts and annual caps

During the Track Record Period and up to the Latest Practicable Date, no property management fees had been paid by us to Rongxin Fujian Property Management pursuant to the Pre-Delivery Property Management Agreements.

Given that the property owners are responsible for the payment of property management fees after delivery of the relevant properties and, as confirmed by Rongxin Fujian Property Management in the Confirmation Letter, no property management fees shall be payable by the relevant members of our Group, it is expected that no property management fees will be payable to Rongxin Fujian Property Management by us for each of the three years ending December 31, 2017.

Implication under the Listing Rules

As the Pre-Delivery Property Management Agreements were all entered into by our Group with Rongxin Fujian Property Management, the continuing connected transactions contemplated thereunder shall be aggregated pursuant to the requirements under Rule 14A.81 of the Listing Rules. However, since the pre-delivery property management services to be provided by Rongxin Fujian Property Management are free of charge and therefore, each of the applicable percentage ratios (other than the profits ratio) in respect of the proposed annual caps is expected to be less than 0.1%, the transactions contemplated under the Pre-Delivery Property Management Agreements qualify under Rule 14A.76(1) of the Listing Rules as de minimis transactions exempt from the reporting, annual review, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

(C) NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below a summary of the continuing connected transactions for our Group, which are, under the Listing Rules, subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

1. Management Services Agreement

Parties

(a) Rongxin Fujian Property Management (as services provider); and

CONNECTED TRANSACTIONS

(b) our Company (as services recipient).

Principal terms

We entered into a framework management services agreement with Rongxin Fujian Property Management (the “Management Services Agreement”) on December 22, 2015, pursuant to which Rongxin Fujian Property Management agreed to provide our Group with management and related services to the display units, sales offices and community clubhouses of our property projects, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venues. The Management Services Agreement shall become effective from the Listing Date and up to December 31, 2017 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The following sets forth the principal terms of the Management Services Agreement:

- (a) Rongxin Fujian Property Management shall, where it is selected following the relevant tender processes, provide management and related services to our Group according to the tender documents and definitive management services agreements to be entered into between Rongxin Fujian Property Management and members of our Group from time to time;
- (b) the management fees payable by our Group shall be based on the fee quotes to be submitted by Rongxin Fujian Property Management under the relevant tender bids which will be subject to the selection procedures set out under the subsection headed “—(C) Non-Exempt Continuing Connected Transactions—1. Management Services Agreement—Pricing terms and tender process after Listing” below; and
- (c) the definitive management services agreement to be signed between Rongxin Fujian Property Management and members of our Group shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Management Services Agreement.

Reasons for and benefits of the transaction

In light of the foot traffic at the display units, sales offices and community clubhouses, property developers typically engage property management companies to provide constant management services such as cleaning, security and maintenance. We do not engage in the provision of relevant management services and therefore the management and related services to the display units, sales offices and community clubhouses of our property projects have also been provided by Rongxin Fujian Property Management. We had selected our management services providers through contractual negotiation in the past. Taking into account various factors such as credentials, fee quote and quality of services, Rongxin Fujian Property Management had been engaged by us as the management services provider for all of our display units, sales offices and community clubhouses during the Track Record Period and up to the Latest Practicable Date. We intend to adopt and establish a set of tender procedures in respect of the engagement of management services providers after Listing, more details of which are set out below.

CONNECTED TRANSACTIONS

Notwithstanding the above, in light of the list of potential management services providers participated in the contractual negotiation with us in the past, it is expected that in the event that Rongxin Fujian Property Management ceases to provide such management services to us, there will also be other comparable management services providers readily available in the market for the provision of management and related services to our Group.

Pricing terms and tender process after Listing

(i) Pricing terms

The management fees payable by our Group shall be based on the fee quotes to be submitted by Rongxin Fujian Property Management under the relevant tender bids, taking into account a wide range of factors such as nature, age and infrastructure features of the relevant property projects, geographic location and neighborhood profile. The fee quotes submitted by Rongxin Fujian Property Management will be subject to the tender process set out below.

(ii) Tender process and selection mechanism

After Listing, our Group will adopt an independent mechanism with the following features to govern and monitor the tender process and selection mechanism for our potential bidders:

- we shall publish a tender announcement on the newspaper and information network designated by the competent authorities to invite unspecified potential bidders or issue tender invitation to potential bidders, at least three of whom should be independent third parties;
- an internal tender review committee (the “Internal Tender Review Committee”), which comprises the general manager of the Group’s regional companies and the project managers of our property development projects, will be responsible for reviewing the terms and conditions of the tender documents; and
- the Internal Tender Review Committee will set up an assessment mechanism based on the scoring given by the committee members to each of the potential bidders in relation to various aspects such as the offer price of the management services to be provided, credentials of potential bidder and allocation of human resources. The average scores of the potential bidders will be used by the Internal Tender Review Committee as an indicator for the selection of the management services provider.

The Internal Tender Review Committee will only approve the application of the potential bidder if it is considered to have a competitive advantage in the relevant market in which our property projects will be situated.

CONNECTED TRANSACTIONS

Historical transaction amounts

The following table sets out the total management fees incurred by us in relation to the provision of management services by Rongxin Fujian Property Management during the Track Record Period:

For the year ended December 31,			For the six months ended June 30,
2012	2013	2014	2015
(RMB in thousands)			
8,727	13,047	24,745	16,715

Annual caps

The service periods of Rongxin Fujian Property Management in respect of the management and related services to our display units, sales offices and community clubhouses typically end when the facilities are no longer in use and the properties are delivered to subsequent property owners.

Rongxin Fujian Property Management provided as of the Latest Practicable Date and will provide after Listing management and related services to the display units, sales offices and community clubhouses of 14 of our undelivered property projects. As the payment obligations of our Group will continue after Listing, such transactions constitute continuing connected transactions for our Group. The estimated amounts of management fees payable by us to Rongxin Fujian Property Management in relation to such projects for each of the three years ending December 31, 2017 are as follows:

No.	Name of property project	Expected ending time of the sales period	Estimated amounts of management fees payable by us to Rongxin Fujian Property Management		
			For the year ending December 31,		
			2015	2016	2017
			(RMB in thousands)		
1.	The Coast (融信後海)	October 2016	3,018	2,515	—
2.	Pingtian David City (福州平潭大衛城)	June 2016	3,420	1,710	—
3.	The Twin Harbor City (融信雙杭城)	January 2017	2,844	2,844	237
4.	Long Island (長島)	July 2017	3,360	3,360	1,960
5.	Ocean City (海上城)	June 2017	2,088	2,088	1,044
6.	Future City (融信●未來城).	March 2017	1,800	1,800	450
7.	College City (學院名築)	May 2018	3,360	3,360	3,360
8.	Festival City (觀山海)	July 2017	1,200	1,200	700
9.	Zhangzhou Harbor B8 Lot (漳州港B8) . . .	August 2018	3,360	3,360	3,360
10.	Imperial Villa (融信●鉅灣)	June 2016	4,200	2,100	—

CONNECTED TRANSACTIONS

No.	Name of property project	Expected ending time of the sales period	Estimated amounts of management fees payable by us to Rongxin Fujian Property Management		
			For the year ending December 31,		
			2015	2016	2017
			(RMB in thousands)		
11.	Hangzhou Mansion (杭州公館)	March 2017	3,720	3,720	930
12.	Blue Peacock Phase I (藍孔雀一期).	June 2016	1,860	930	—
13.	Blue Peacock Phase II (藍孔雀二期)	June 2016	1,860	930	—
14.	The White House (融信白宮).	February 2016	3,570	595	—
TOTAL			39,660	30,512	12,041

The proposed annual caps for the three years ending December 31, 2017, being the estimated total amounts of management fees payable by our Group as set out above, are determined with reference to the total gross floor area, geographical locations, facilities and human resources allocation of the relevant display units, sales offices and community clubhouses and on the assumption that the costs incurred by manpower will increase steadily in the next three years. The relevant significant increase in the proposed annual caps as compared to the historical transaction amounts during the Track Record Period is primarily due to the significant increase in the number of property projects that have commenced sales period for which resulted in a corresponding increase in the contracted GFA and therefore demand for management services to our display units, sales offices and community clubhouses.

Implications under the Listing Rules

As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the management and related services under the Management Services Agreement exceed 0.1% but are all less than 5% on an annual basis, the management and related services under the Management Services Agreement and the proposed annual caps for each of the three years ending December 31, 2017 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

2. Financial Assistance Arising From the Subsisting Type (III) Arrangements

Background

We are engaged in property development in the PRC and require external funding in our business operations. In addition to conventional bank loans, PRC property developers often obtain alternative financing from non-bank financial institutions (including trust companies) to fund their property development projects and other financing needs. Such trust and other financing arrangements may be

CONNECTED TRANSACTIONS

in the form of type (i), type (ii) or type (iii) arrangements, all of which are entered into in the ordinary course of business of the PRC property developers. For more details of the type (i), type (ii) and type (iii) arrangements, please see the section headed “Financial Information—Liquidity and Capital Resources —Indebtedness—Trust and other borrowings.”

Although we have the necessary credit standing to obtain bank loans from commercial banks to finance our property development operations, trust and other financing arrangements typically offer us greater flexibility in terms of availability, drawdown schedule and repayment arrangements. Compared to the terms of traditional bank loans, terms of trust and other financing arrangements are generally more negotiable and available in a variety of structures to meet the different characteristics of each project company, such as the capital structure, risk-return profile and funding requirements. Our Directors believe that trust and other financing arrangements constitute effective alternative sources of funding for our operation and are widely adopted within the property development industry in the PRC.

Subsisting Type (iii) Arrangements

We had entered into 34 trust and other financing arrangements during the Track Record Period, thirteen of which were in the form of type (iii) arrangements, i.e. financing arrangements involving a transfer of equity interest and a pledge of the remaining equity interest held by us in our project companies to the relevant non-bank financial institutions. As of the Latest Practicable Date, five of our type (iii) arrangements remained subsisting (collectively, the “Subsisting Type (iii) Arrangements”) which will constitute connected transactions for our Company after Listing. Our Directors expect the Subsisting Type (iii) Arrangements to remain in effect at the time of the Listing and thereafter.

In each of the Subsisting Type (iii) Arrangements, the equity interest transferred to the relevant non-bank financial institutions (collectively, the “Type (iii) Financing Companies”) in our project companies (collectively, the “Project Companies”) are held as collateral to secure the repayment obligations of the Project Companies. Meanwhile, the Type (iii) Financing Companies are obliged under the terms of the relevant trust and other financing arrangements to transfer back to us such equity interests in the Project Companies upon our repayment of the agreed amounts, comprising the principal and the fixed income return. For more details of the Subsisting Type (iii) Arrangements, please see the section headed “Financial Information—Liquidity and Capital Resources—Indebtedness—Trust and other borrowings.”

Subsisting Type (iii) Arrangements as secured borrowing transactions

Our Directors have confirmed that:

- (i) save for the relationships with our Group as set out below, each of the Type (iii) Financing Companies is an independent third party;
- (ii) we retained power to govern the financial and operating policies of the Project Companies so as to continue to benefit from their day-to-day operational activities; and

CONNECTED TRANSACTIONS

- (iii) the Type (iii) Financing Companies, on the other hand, do not have control over the management and operation of the Project Companies and do not derive any earnings other than the fixed income return pursuant to the relevant trust and other financing arrangements.

Our PRC legal advisors have also advised that all the Subsisting Type (iii) Arrangements are secured borrowing transactions in nature. Under HKFRS, we had treated the Project Companies as our subsidiaries throughout the Track Record Period and up to the Latest Practicable Date and the funding received from the Subsisting Type (iii) Arrangements were recorded as secured borrowings in our financial statements. It follows that the equity interest in the Project Companies had been transferred to the Type (iii) Financing Companies solely by way of security as collateral for the secured borrowings under the Subsisting Type (iii) Arrangements. Accordingly, the Type (iii) Financing Companies have not, effectively, been considered as “shareholders” of the Project Companies.

Type (iii) Financing Companies regarded as our connected persons

Notwithstanding the above, as the Type (iii) Financing Companies had acquired 10% or more equity interest in the Project Companies, they are regarded as our connected persons upon Listing pursuant to, and solely in relation to the requirements under Chapter 14A of the Listing Rules. As such, any transaction entered into between us and the Type (iii) Financing Companies will constitute a connected transaction for our Group and will be subject to the applicable reporting, announcement, annual review and independent Shareholders’ approval (where applicable) requirements under Chapter 14A of the Listing Rules. Our Directors expect some of these connected transactions to continue for a period of time after Listing and therefore constitute continuing connected transactions for our Group, the details of which are set out below.

(1) Shanghai Goldstate Type (iii) Arrangement

As a result of the type (iii) arrangement of Xiamen Property entered into with Shanghai Goldstate (the “Shanghai Goldstate Type (iii) Arrangement”), Shanghai Goldstate provided a trust loan of RMB800 million to Xiamen Property on July 7, 2014 (the “Xiamen Property Trust Loan”). To secure the performance and payment obligations of Xiamen Property in respect of the Xiamen Property Trust Loan, we have also provided a number of securities to Shanghai Goldstate, including:

- (i) a pledge of 51% of the equity interest in Xiamen Property provided by Rongxin Group;
- (ii) a joint and several liability guarantee provided by Rongxin Group; and
- (iii) a mortgage over a piece of land located in Xiamen, Fujian province provided by Xiamen Property.

We expect the transactions contemplated under the Shanghai Goldstate Type (iii) Arrangement as disclosed above to continue after Listing.

CONNECTED TRANSACTIONS

(2) *Pingan Wealth Management Type (iii) Arrangement*

As a result of the type (iii) arrangement of Fuzhou Shuanghang entered into with Pingan Wealth Management (the “Pingan Wealth Management Type (iii) Arrangement”), Pingan Wealth Management provided a trust loan of RMB6,430 million to Fuzhou Shuanghang on October 22, 2014 (the “Fuzhou Shuanghang Trust Loan”). To secure the performance and payment obligations of Fuzhou Shuanghang in respect of the Fuzhou Shuanghang Trust Loan, we have also provided a number of securities to Pingan Wealth Management, including:

- (i) a pledge of 30% of the equity interests in Fuzhou Shuanghang provided by Rongxin Group;
- (ii) a joint and several liability guarantee provided by Rongxin Group; and
- (iii) a mortgage over two pieces of land located in Fuzhou, Fujian province provided by Fuzhou Shuanghang.

We expect the transactions contemplated under the Pingan Wealth Management Type (iii) Arrangement as disclosed above to continue after Listing.

(3) *Tianhong Type (iii) Arrangements*

As a result of the type (iii) arrangement of Hangzhou Kaizhu entered into with Tianhong Asset Management (the “Kaizhu-Tianhong Type (iii) Arrangement”), Tianhong Asset Management provided a trust loan of RMB2,000 million to Hangzhou Kaizhu on April 2, 2015 (the “Kaizhu-Tianhong Trust Loan”). To secure the performance and payment obligations of Hangzhou Kaizhu in respect of the Kaizhu-Tianhong Trust Loan, we have also provided a number of securities to Tianhong Asset Management, including:

- (i) a pledge of 10% of the equity interest in Hangzhou Kaizhu provided by Hemei Shanghai Property;
- (ii) a joint and several liability guarantee provided by Rongxin Group; and
- (iii) a mortgage over a piece of land located in Hangzhou, Zhejiang province provided by Hangzhou Kaizhu.

As a result of the type (iii) arrangement of Changle Rongxi Investment entered into with Tianhong Asset Management (the “Changle-Tianhong Type (iii) Arrangement”, together with the Kaizhu-Tianhong Type (iii) Arrangement, the “Tianhong Type (iii) Arrangements”), Tianhong Asset Management provided a trust loan of RMB350 million to Changle Rongxin Investment on October 15, 2015 (the “Changle-Tianhong Trust Loan”). To secure the performance and payment obligations of

CONNECTED TRANSACTIONS

Changle Rongxin Investment in respect of the Changle-Tianhong Trust Loan, we have also provided a number of securities to Tianhong Asset Management, including:

- (i) a pledge of 30% of the equity interest in Changle Rongxin Investment provided by Rongxin Group;
- (ii) a joint and several liability guarantee provided by Rongxin Group; and
- (iii) a mortgage over a piece of land located in Changle, Fujian province provided by Changle Rongxin Investment.

We expect the transactions contemplated under the Tianhong Type (iii) Arrangements as disclosed above to continue after Listing.

(4) Oriental Chuangfu No.2 (Shenzhen) LLP Type (iii) Arrangement

As a result of the type (iii) arrangement of Fuzhou Property entered into with Oriental Chuangfu No.2 (Shenzhen) LLP (the “Oriental Chuangfu No.2 (Shenzhen) LLP Type (iii) Arrangement”), Oriental Chuangfu No.2 (Shenzhen) LLP provided a trust loan of an aggregate amount of RMB800 million to Fuzhou Property on February 27, 2015 (the “Oriental Chuangfu No.2 (Shenzhen) LLP Trust Loan”). To secure the performance and payment obligations of Fuzhou Property in respect of the Oriental Chuangfu No.2 (Shenzhen) LLP Trust Loan, we have also provided a number of securities to Oriental Chuangfu No.2 (Shenzhen) LLP, including:

- (i) a pledge of 51% of the equity interest in Fuzhou Property provided by Rongxin Group;
- (ii) a pledge of 9% of the equity interest in Fuzhou Property provided by Shifeng Investment;
- (iii) a joint and several liability guarantee provided by Rongxin Group; and
- (iv) a mortgage over two pieces of land located in Fuzhou, Fujian province provided by Fuzhou Property.

We expect the transactions contemplated under the Oriental Chuangfu No.2 (Shenzhen LLP) Type (iii) Arrangement as disclosed above will continue after Listing.

Implications under the Listing Rules

Despite that the trust loans as described above were granted by the Type (iii) Financing Companies on the one-off basis, the repayment obligations of our Group under the Subsisting Type (iii) Arrangements will continue after Listing. As such, the Subsisting Type (iii) Arrangements constitute continuing connected transactions for our Group and securities granted by us to our connected persons in respect of the financial assistance to us by our connected persons. As each of the Type (iii) Financing Companies is a connected person of our Company at the subsidiary level and in light of the view of the Directors (including the independent non-executive Directors) as described

CONNECTED TRANSACTIONS

under the subsection headed “—(E) Sole Sponsor’s and Directors’ Views” below, the Subsisting Type (iii) Arrangements are subject to the reporting, annual review and announcement requirements but exempt from the circular, independent financial advice and shareholders’ approval requirements pursuant to Rule 14A.101 of the Listing Rules.

(D) APPLICATION FOR WAIVER

The transactions described under the subsection headed “(C) Non-Exempt Continuing Connected Transactions” above constitute our continuing connected transactions under the Listing Rules, which are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules. As such non-exempt continuing connected transactions are expected to be carried out on a continuing basis and to extend over a period of time, the Directors are of the view that strict compliance with the announcement requirement under the Listing Rules would be impracticable and unduly burdensome and would impose unnecessary administrative costs upon our Group.

In respect of these continuing connected transactions, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement requirement of the Listing Rules, subject to the condition that (i) the aggregate values of the continuing connected transactions for each financial year not exceeding the relevant annual caps or the aggregate amount of trust loans as set out above; and (ii) the aforementioned non-exempt continuing connected transactions will be carried out and that our Company shall comply with relevant requirements for continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

(E) SOLE SPONSOR’S AND DIRECTORS’ VIEWS

The Sole Sponsor and our Directors (including our independent non-executive Directors) consider that all the continuing connected transactions described under the subsection headed “(C) Non-Exempt Continuing Connected Transactions” above have been entered into, and will be carried out (i) in the ordinary and usual course of our business; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of our Shareholders as a whole. The Sole Sponsor and our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps of the continuing connected transactions under the subsection headed “(C) Non-Exempt Continuing Connected Transactions—1. Management Services Agreement” above are fair and reasonable and are in the interests of our Company and our Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

GENERAL

The following table sets forth certain information concerning our Directors and members of senior management:

Name	Age	Time of joining our Group	Current position in our Company	Time of appointment	Key role and responsibilities
<i>Directors</i>					
Ou Zonghong (歐宗洪).....	46	September 2003	Chairman, executive Director and Chief Executive Officer	September 11, 2014	responsible for the overall development strategy and daily operation of our Group
Wu Jian (吳劍).....	45	March 2004	executive Director and vice president	December 1, 2014	responsible for assisting the planning of corporate strategy and assisting Mr. Ou to manage the daily operation of our Group and supervise the sales and marketing departments
Lin Junling (林峻嶺).....	38	September 2003	executive Director and vice president	December 1, 2014	responsible for assisting the planning of corporate strategy and management of the business operations of our Group in Eastern China
Zeng Feiyan (曾飛燕)	40	August 2013	executive Director, chief financial officer and joint company secretary	July 27, 2015	responsible for the financial affairs and company secretarial matters of the Group
Lo, Wing Yan William (盧永仁).....	54	Listing Date	independent non-executive Director	Listing Date	responsible for supervising and providing independent judgment to our Board
Ren Yunan (任煜男).....	40	Listing Date	independent non-executive Director	Listing Date	responsible for supervising and providing independent judgment to our Board
Qu Wenzhou (屈文洲).....	43	Listing Date	independent non-executive Director	Listing Date	responsible for supervising and providing independent judgment to our Board

DIRECTORS AND SENIOR MANAGEMENT

<u>Name</u>	<u>Age</u>	<u>Time of joining our Group</u>	<u>Current position in our Company</u>	<u>Time of appointment</u>	<u>Key role and responsibilities</u>
<i>Senior management</i>					
Ou Zonghong (歐宗洪).....	46	September 2003	Chairman, executive Director and Chief Executive Officer	December 2014	responsible for the overall development strategy and daily operation of our Group
Wu Jian (吳劍).....	45	March 2004	executive Director and vice president	January 2012	responsible for assisting the planning of corporate strategy and assisting Mr. Ou to manage the daily operation of our Group and supervise the sales and marketing departments
Lin Junling (林峻嶺).....	38	September 2003	executive Director and vice president	January 2014	responsible for assisting the planning of corporate strategy and management of the business operations of our Group in Eastern China
Zeng Feiyan (曾飛燕).....	40	August 2013	executive Director, chief financial officer and joint company secretary	August 2013	responsible for the financial affairs and company secretarial matters of our Group
Xu Shenliang (徐慎亮).....	40	February 2013	vice president	February 2013	responsible for the design and construction of the property development projects of our Group
Ruan Youzhi (阮友直).....	40	June 2008	assistant to Chairman	June 2008	responsible for the real estate investment business of our Group

Our Directors and members of the senior management do not have any relationship with one another, other than being our Directors and members of the senior management.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our business. It consists of seven Directors including four executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Ou Zonghong (歐宗洪), aged 46, is the founder of our Group. He has been our Director since September 11, 2014, our Chairman since December 1, 2014 and was re-designated as our executive Director and appointed as our Chief Executive Officer on December 15, 2014. Mr. Ou is primarily responsible for the overall development strategy and daily operation of our Group. He has more than 20 years of experience in the property development and construction industries. Mr. Ou established Putian Transport Engineering Company Limited (莆田市交通工程有限公司) on August 1, 1995, which engaged in construction of motorways. On April 20, 2000, Mr. Ou started his engagement with the property related business and established Putian Transport and Real Estate Development Company Limited (莆田市交通房地產開發有限公司). On September 23, 2003, Mr. Ou established Rongxin Group (formerly known as Fujian Rongxin Real Estate Development Company Limited (福建融信房地產開發有限公司)). Mr. Ou has been a director of Renmin University of China (中國人民大學) since October 18, 2011. Mr. Ou has also been the managing vice president of the Federation of Fujian Enterprise and Entrepreneur (福建省企業與企業家聯合會) since April 2012, respectively.

Mr. Ou has also assumed various positions in the subsidiaries of our Company, including the sole director of Rongda Company Limited since September 11, 2014, the sole director of Rongtai Company Limited since September 26, 2014, a director of Rongxin Group since September 23, 2003, a director of Rongxin Zhangzhou Property from January 7, 2011 to February 1, 2013 and a director of Fujian Rongshengmei since October 28, 2014.

Mr. Ou was awarded a member of the fourteenth and fifteenth sessions of the Excellent Entrepreneurs of Fujian (福建省優秀企業家) in December 2011 and June 2014, respectively. He also received the Silver Award of the Ten Young Entrepreneurs of Fujian (福建省十大傑出青年企業家銀獎) in April 2008.

Mr. Wu Jian (吳劍), aged 45, has been our executive Director since December 1, 2014 and the vice president of our Group since January 2012. Mr. Wu Jian is primarily responsible for assisting the planning of corporate strategy and assisting Mr. Ou to manage the daily operation of our Group and supervise the sales and marketing departments. He has more than 10 years of experience in property development industry. Mr. Wu Jian joined our Group in March 2004 and had assumed various positions since then, including the vice general manager of Rongxin Group from March 2004 to April 2009, the vice general manager of Shiou Property, one of our joint ventures, from April 2009 to December 2010 and the general manager of Rongxin Group from December 2010 to December 2011. Before joining our Group, Mr. Wu Jian had been engaged with Fuzhou Architectural Design Institute (福州市建築設計院) from April 1994 to May 2004, working at various time as an engineer, the engineer-in-charge and the vice chief engineer. Mr. Wu Jian has been a senior engineer authorized by the Leading Group for Professional Title Reform of Fuzhou (福州市職稱改革領導小組) since January

DIRECTORS AND SENIOR MANAGEMENT

2002. Mr. Wu Jian graduated from Shanghai Jiao Tong University (上海交通大學) in Shanghai, the PRC in July 1991 with a bachelor degree in industrial and civil architecture and from Zhejiang University (浙江大學) in Hangzhou, Zhejiang province in March 1994 with a master degree in structural engineering.

Mr. Wu Jian has also assumed various positions in the subsidiaries of our Company, including a director of Rongxin Group since August 1, 2007, a director of Fuzhou Investment from June 7, 2011 to May 21, 2012, a director of Xiamen Property from January 11, 2013 to July 7, 2014, a director of Hemei Shanghai Property from May 20, 2013 to September 13, 2013 and a director of Fujian Rongshengmei since October 28, 2014.

Mr. Lin Junling (林峻嶺), aged 38, has been our executive Director since December 1, 2014 and the vice president of our Group since January 2014. Mr. Lin Junling is primarily responsible for assisting the planning of corporate strategy and management of the business operations of our Group in Eastern China. Mr. Lin Junling joined our Group in September 2003. He has approximately 15 years of experience in property development industry. He has served as the executive vice general manager of Rongxin Group from September 2003 to August 2007, the general manager of Rongxin Group from August 2007 to April 2010, the chairman of Shiou Property, one of our joint ventures, from April 2010 to December 2013 and the general manager of the Eastern China companies of the Group since January 2014. Before joining our Group, Mr. Lin Junling had served as the general manager of Putian Transport and Property Development Company Limited (莆田市交通房地產開發有限公司) from January 2001 to September 2003. Mr. Lin Junling obtained an associate degree in architecture finance and accounting from Fujian College of Architecture (福建建築高等專科學校) (now known as Fujian University of Technology (福建工程學院)) in Fuzhou, Fujian province in June 1999. He is currently a candidate of the master degree in business administration in Xiamen University (廈門大學) in Xiamen, Fujian province. In December 2014, Mr. Lin Junling was awarded an Outstanding Manager of China for the Year 2014 (2014年度中國傑出經理人) prize.

Mr. Lin Junling has also assumed various positions in the subsidiaries of our Company, including a director of Rongxin Group from August 1, 2007 to September 8, 2011 and since May 7, 2012, a director of Hemei Shanghai Property since April 21, 2014, a director of Hangzhou Kaizhu since May 16, 2014, a director of Hangzhou Kaisheng since May 14, 2014, the sole director of Shanghai Qianheng Property Company Limited (上海謙恒置業有限公司) since April 21, 2014 and a director of Fujian Rongshengmei since October 28, 2014.

Ms. Zeng Feiyan (曾飛燕), aged 40, has been our executive Director since July 27, 2015 and our chief financial officer since she joined our Group in August 2013. She is primarily responsible for the financial affairs and company secretarial matters of our Group. She was also appointed as one of the joint company secretaries of our Company on December 15, 2014. Before joining our Group, Ms. Zeng Feiyan has more than 10 years of finance-related experiences in various entities. Ms. Zeng Feiyan had served as the manager of the operation and financial management center and the vice director of the supervisory committee in Hopson Development Holdings Limited (合生創展集團有限公司) (a property development company listed on the Main Board of the Stock Exchange, stock code: 754) from May 2003 to October 2007. She was the vice general manager responsible for finance and investment management of Guangdong Pearl River Investment Management Group Company Limited (廣東珠江投資管理集團有限公司) (a company principally engaged in the investment in energy and

DIRECTORS AND SENIOR MANAGEMENT

infrastructure projects) from October 2007 to September 2011, and the vice president and secretary of the board of directors of Cnhomeland Environmental Co., Ltd. (浩藍環保股份有限公司) (an environmental-protection company engaged in the provision of environmental solutions services) from September 2011 to August 2013.

Ms. Zeng Feiyan has been a certified public accountant authorized by the Institute of Certified Public Accountants of Guangdong Province (廣東省註冊會計師協會) since January 7, 2003. She has also been a senior economist as credentialed by the Senior Professional Titles Evaluation Committee of Dezhou Private Economic Organizations (德州市民營經濟組織專業技術職稱高級評審委員會) since September 26, 2013 and a Registered Tax Agents authorized by the Certified Tax Agents Association of Guangdong Province (廣東省註冊稅務師協會) since December 13, 2011. Ms. Zeng Feiyan graduated from Changsha Communication College (長沙交通學院) (now known as Changsha University of Science and Technology (長沙理工大學)) in Changsha, Hunan province in June 1998 where she obtained a bachelor degree in accounting. Ms. Zeng Feiyan is currently a candidate of executive master of business administration in Guanghua School of Management of Peking University (北京大學光華管理學院) since March 2013.

Independent Non-executive Directors

Mr. Lo, Wing Yan William (盧永仁), aged 54, Justice of the Peace, was appointed as our independent non-executive Director taking effect on the Listing Date. He is primarily responsible for supervising and providing independent judgment to our Board. He is currently the vice chairman of Lovable International Holdings Ltd, a company engaged in manufacture and sale of toys and children products, the chairman of VS Media Ltd, a new media company and the chairman of Strategenes Limited, a financial and strategy advisory firm in Hong Kong. Mr. Lo, Wing Yan William served as an executive director and vice president of China Unicom Limited (中國聯通股份有限公司, a company listed on the Main Board of the Stock Exchange which principally engages in the provision of cellular and fixed-line voice and related value-added services, stock code: 762) from July 2002 to March 2006, an independent non-executive director of I.T Limited (a company listed on the Main Board of the Stock Exchange which principally engages in retailing and trading fashion wears and accessories, stock code: 999) from October 2004 to May 2006, and an executive director, vice chairman, managing director and chief financial officer of I.T Limited from May 2006 to May 2009. He had also served as the vice chairman of South China Media Group (南華傳媒集團) from September 2011 to June 2014.

Mr. Lo, Wing Yan William currently serves as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Varitronix International Limited (精電國際有限公司)	a company principally engaged in design, manufacture and sale of liquid crystal displays and related products	listed on the Main Board of the Stock Exchange (stock code: 710)	an independent non-executive director since July 2004

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Name of entity	Principal business	Place of listing and stock code	Position and period of time
SITC International Holdings Company Limited (海豐國際控股有限公司)	a company principally engaged in the provision of marine transportation services	listed on the Main Board of the Stock Exchange (stock code: 1308)	an independent non-executive director since September 2010
International Housewares Retail Company Limited (國際家居零售有限公司)	a company principally engaged in the retail sales of housewares products	listed on the Main Board of the Stock Exchange (stock code: 1373)	an independent non-executive director since September 2013
Jingrui Holdings Limited (景瑞控股有限公司)	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 1862)	an independent non-executive director since October 2013
CSI Properties Limited (資本策略地產有限公司)	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 497)	an independent non-executive director since April 2014
Television Broadcasts Limited (電視廣播有限公司)	a free-to-air TV broadcaster and a commercial Chinese program producer	listed on the Main Board of the Stock Exchange (stock code: 511)	an independent non-executive director since February 2015
Nam Tai Electronics Inc. (now known as Nam Tai Property Inc.)	a company currently and principally engaged in property development and management	listed on the New York stock exchange (stock code: NTP)	an independent director since July 2003
E2-Capital Holdings Limited (formerly known as Westminster Travel Limited)	a company principally engaged in the provision of corporate travel services	listed on the Singapore stock exchange (stock code: 50F)	an independent non-executive director since June 2009

Mr. Lo, Wing Yan William had served as an independent non-executive director in Ocean Grand Chemicals Holdings Limited (海域化工集團有限公司, now known as Hong Kong Resources Holdings Company Limited (香港資源控股有限公司)) (“OG Chemicals”) from May 20, 2003 to July 18, 2006. OG Chemicals was incorporated in Bermuda with limited liability and was listed on the Main Board of the Stock Exchange (stock code: 2882). It previously engaged in the processing, production and trading of chemical compounds in the PRC and Hong Kong. On July 24, 2006, two provisional liquidators of OG Chemicals was appointed pursuant to the order of The High Court of Hong Kong Special Administrative Region Court of First Instance dated July 24, 2006.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lo, Wing Yan William has been appointed as Justice of the Peace by the government of the HKSAR on July 1, 1999. He was also appointed as a member of Shantou Committee of Chinese People's Political Consultative Conference (中國人民政治協商會議汕頭市委員會) in 2003. Mr. Lo, Wing Yan William graduated from University of Cambridge in the United Kingdom with a master degree in philosophy and a doctor degree in philosophy engineering in March 1986 and March 1988, respectively. He is also an academician of Downing College of University of Cambridge.

Mr. Ren Yunan (任煜男), aged 40, was appointed as our independent non-executive Director taking effect on the Listing Date. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Ren Yunan obtained a bachelor degree in law from Peking University (北京大學) in Beijing in July 1997 and a master degree in law from Harvard University in the U.S. in June 1999. Mr. Ren Yunan has been qualified to practice law in New York, the U.S. since March 2000 and also admitted to practice in Hong Kong since March 2003 and currently is not in private practice in Hong Kong.

Mr. Ren Yunan currently holds or had held directorship in several listed companies, including those set out below:

<u>Name of entity</u>	<u>Principal business</u>	<u>Placing of listing and stock code</u>	<u>Position and period of time</u>
Prince Frog International Holdings Limited (青蛙王子國際控股有限公司, now known as China Child Care Corporation Limited (中國兒童護理有限公司))	a company principally engaged in the design and provision of children care products	listed on the Main Board of the Stock Exchange (stock code: 1259)	an independent non-executive director from February 18, 2011 to October 15, 2015 and a non-executive director since October 16, 2015
Vision Fame International Holding Limited (允升國際控股有限公司)	a company principally engaged in building construction and property maintenance	listed on the Main Board of the Stock Exchange (stock code: 1315)	an independent non-executive director from May 2013 to November 2013
Labixiaoxin Snacks Group Limited (蠟筆小新休閒食品集團有限公司)	a snack food provider	listed on the Main Board of the Stock Exchange (stock code: 1262)	a non-executive director since February 2015
Tiger Media, Inc. (now known as IDI, Inc.)	a data solution and multi-platform media company	listed on the New York stock exchange (stock code: IDI)	an independent director from February 2012 to June 2015
Solar Power, Inc.	a photovoltaic project developer	shares are traded on the over-the-counter market in the U. S. (stock code: SOPW)	an independent director since April 2015

DIRECTORS AND SENIOR MANAGEMENT

Mr. Qu Wenzhou (屈文洲), aged 43, was appointed as our independent non-executive Director taking effect on the Listing Date. He is primarily responsible for supervising and providing independent judgment to our Board. Mr. Qu served as a professor of Business Management of Xiamen University (廈門大學) from August 2007 to July 2013.

Mr. Qu Wenzhou has served as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Mingfa Group (International) Company Limited (明發(集團)國 際有限公司)	a property development company	listed on the Main Board of the Stock Exchange (stock code: 846)	an independent non-executive director and chairman of the audit committee since August 19, 2010
Xiamen International Airport Group Co., Ltd. (廈門國際航空港股份有 限公司)	a transportation company	listed on the Shanghai stock exchange (stock code: 600897)	an independent director since May 9, 2008 to May 8, 2014 and chairman of the audit committee since May 20, 2011
Hainan Zhenghe International Group Co., Ltd. (海南正和實業集團 股份有限公司, now known as Geo-Jade Petroleum Corporation (洲際油氣股份有限公 司))	a wholesale company	listed on the Shanghai stock exchange (stock code: 600759)	an independent director and chairman of the audit committee since December 30, 2013
Shandong Airlines Co., Ltd. (山東航空股份有限 公司)	an airline company	listed on the Shenzhen stock exchange (stock code: 200152)	an independent director and convener of the audit committee since June 26, 2009
Shenzhen Laibao Hi-Tech Co., Ltd. (深圳 萊寶高科技股份有限公 司)	a developer and manufacturer of up-stream materials for small-medium flat display panel	listed on the Shenzhen stock exchange (stock code: 002106)	an independent director since April 16, 2010

DIRECTORS AND SENIOR MANAGEMENT

Mr. Qu Wenzhou has been a member of the eleventh All-China Youth Federation (中華全國青年聯合會) since August 2010. He was awarded the Youth May 4th Medal of Fujian Province (福建省青年五四獎章) in May 2008. He has been a certified public accountant authorized by The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since November 2003 and a chartered financial analyst authorized by CFA Institute since November 2004. Mr. Qu Wenzhou graduated from Xiamen University in Xiamen, Fujian province with a bachelor degree in science in July 1995. He also obtained his master degree in economics in June 1999, master degree in business administration in October 2001 and doctor degree in economics in December 2003 from Xiamen University.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Please see the section headed “Statutory and General Information—C. Further Information About Our Directors and Substantial Shareholders” in Appendix V to this prospectus for details of our Directors’ respective interests or short positions (if any) in our Shares, particulars of our Directors’ service agreements and Directors’ remuneration.

Save as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

For biographical details of Mr. Ou, Mr. Wu Jian, Mr. Lin Junling and Ms. Zeng Feiyan, please see the section headed “—Board of Directors—Executive Directors” above.

Mr. Xu Shenliang (徐慎亮), aged 40, has been our vice president since he joined our Group in February 2013 and is primarily responsible for the design and construction of our property development projects. Before joining our Group, Mr. Xu Shenliang served in various positions in different companies, including, among others, the project manager in Beijing Longfor Property Company Limited (北京龍湖置業有限公司, a property development company) from July 2007 to March 2010 and the design director of Sino-Ocean Land Company Limited (遠洋地產有限公司) (a property development company) from August 2009 to March 2013. Mr. Xu Shenliang has been a senior engineer authorized by the Personnel Department of Liaoning Province (遼寧省人事廳) since November 2009. Mr. Xu Shenliang graduated from Central Academy of Craft Art (中央工藝美術學院) (now known as Academy of Arts and Design, Tsinghua University (清華大學美術學院)) in Beijing in July 1996 where he obtained a bachelor degree in environmental art and design,

Mr. Ruan Youzhi (阮友直), aged 40, has been our assistant to the Chairman since he joined our Group in June 2008 and is primarily responsible for the real estate investment business of our Group. Before joining our Group, Mr. Ruan Youzhi had been a teacher in Fengjiang High School of Xianyou

DIRECTORS AND SENIOR MANAGEMENT

(仙遊楓江中學) from August 1997 to August 2001 and a journalist of *Haixia Metropolis Daily* (海峽都市報) from March 2003 to June 2009. Mr. Ruan Youzhi obtained his bachelor degree in Chinese language and literature in July 2005 from Fujian Normal University (福建師範大學) in Fuzhou, Fujian province.

To the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, none of the above members of our senior management has been a director of any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan and Ms. Ng Wing Shan are the joint company secretaries of our Company.

For details of Ms. Zeng Feiyan, please see the section headed “—Board of Directors—Executive Directors” above.

Ms. Ng Wing Shan (吳詠珊), aged 38, was appointed as one of the joint company secretaries of our Company on December 15, 2014. Ms. Ng Wing Shan is currently an assistant vice president of SW Corporate Services Group Limited. Ms. Ng Wing Shan has been a Fellow of The Hong Kong Institute of Chartered Secretaries and a Fellow of The Institute of Chartered Secretaries and Administrators in the United Kingdom, both since September 2015.

AUDIT COMMITTEE

We have 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 primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, oversee the audit process, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by the Board.

The audit committee consists of three members, namely Mr. Qu Wenzhou, Mr. Lo, Wing Yan William and Mr. Ren Yunan. The chairman of the audit committee is Mr. Qu Wenzhou who is the independent non-executive Director with the appropriate professional qualifications.

REMUNERATION COMMITTEE

We have 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 primary duties of the remuneration committee are to establish, review and make recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by our Directors from time to time.

DIRECTORS AND SENIOR MANAGEMENT

The remuneration committee consists of three members, namely Mr. Ren Yunan, Mr. Ou and Mr. Qu Wenzhou. The chairman of the remuneration committee is Mr. Ren Yunan.

NOMINATION COMMITTEE

We have 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 primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of three members, namely Mr. Ou, Mr. Lo, Wing Yan William and Mr. Qu Wenzhou. The chairman of the nomination committee is Mr. Ou.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Directors for the three years ended December 31, 2014 and the six months ended June 30, 2015 were all nil as our Directors had not received any remuneration in the capacity of Directors during the Track Record Period.

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to our Group's five highest paid individuals for the three years ended December 31, 2014 and the six months ended June 30, 2015 were approximately RMB3,102,000, RMB4,509,000, RMB7,710,000 and RMB3,704,000, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

None of the Directors had waived or agreed to waive any remuneration during the Track Record Period.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the aggregate amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Company for the year ending December 31, 2015 is estimated to be nil as our Directors do not receive any remuneration in the capacity of Directors.

DIRECTORS AND SENIOR MANAGEMENT

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed in this prospectus, no other payments had been made, or are payable, by any member of the Group to the Directors during the Track Record Period.

For additional information on the Directors' remuneration during the Track Record Period as well as information on the five highest paid individuals, please refer to Note 8 to the Accountant's Report set out in Appendix I to this prospectus.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management presence

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers from Strict Compliance with the Listing Rules—Management Presence in Hong Kong."

COMPLIANCE ADVISOR

Our Company has appointed Guotai Junan Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules.

The material terms of the compliance advisor's agreement entered into between our Company and our compliance advisor are as follows:

- (1) our compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;
- (2) our Company may terminate the appointment of our compliance advisor by giving a 30 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and

DIRECTORS AND SENIOR MANAGEMENT

- (3) during the period of appointment, our Company must consult with, and if necessary, seek advice from our compliance advisor on a timely basis in the following circumstances:
- (a) before the publication of any regulatory announcement, circular or financial report;
 - (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
 - (c) where we propose to use the proceeds of the initial public offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and
 - (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

Corporate Governance

Pursuant to code provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of Chairman and Chief Executive Officer of our Company are both performed by Mr. Ou. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same individual would enable our Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou's extensive industrial experience and significant role in the historical development of our Group, the Board believes that it is beneficial to the business prospects of our Group that Mr. Ou continues to act as both our Chairman and Chief Executive Officer after Listing, and the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

Save as disclosed above, as of the Latest Practicable Date, our Directors consider that our Company has fully complied with the applicable code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the Capitalization Issue and completion of the Global Offering, the following persons will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or 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 our Company:

Name of Shareholder	Nature of interest	Shares held immediately following the Capitalization Issue and completion of the Global Offering (assuming the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised)		Shares held immediately following the Capitalization Issue and completion of the Global Offering (assuming the Over-allotment Option and options which may be granted under the Share Option Scheme are fully exercised)	
		Number	Approximate percentage	Number	Approximate percentage
Dingxin ⁽¹⁾	Beneficial owner	1,012,500,000	75%	1,012,500,000	72.3%
Honesty Global Holdings Limited ⁽¹⁾	Interest in controlled corporation	1,012,500,000	75%	1,012,500,000	72.3%
TMF (Cayman) Ltd. ⁽¹⁾	Trustee of a trust	1,012,500,000	75%	1,012,500,000	72.3%
Mr. Ou Guofei ⁽¹⁾⁽²⁾	Settlor of a trust	1,012,500,000	75%	1,012,500,000	72.3%
Mr. Ou ⁽¹⁾	Beneficiary of a trust	1,012,500,000	75%	1,012,500,000	72.3%
Ms. Xu Lixiang ⁽³⁾	Beneficiary of a trust/Interest of spouse	1,012,500,000	75%	1,012,500,000	72.3%

Notes:

- (1) Dingxin is wholly owned by Honesty Global Holdings Limited, the holding vehicle incorporated in BVI used by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou being the protector. Accordingly, each of Honesty Global Holdings Limited, Mr. Ou Guofei and Mr. Ou is deemed to be interested in the Shares held by Dingxin.
- (2) Mr. Ou Guofei is an adult son of Mr. Ou.
- (3) Ms. Xu Lixiang is the spouse of Mr. Ou and is therefore deemed under the SFO to be interested in the Shares held, directly or indirectly, by Mr. Ou.

Save as disclosed above and in the section headed “Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders” in Appendix V to this prospectus, our Directors are not aware of any person who will, immediately following the Capitalization Issue and completion of the Global Offering and assuming that the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised, have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or 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.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

SHARE CAPITAL

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 immediately prior to and following the Capitalization Issue and completion of the Global Offering:

Authorized Share Capital	Aggregate par value
38,000,000,000 Shares of HK\$0.00001 each	HK\$380,000
Issued and to be issued, fully paid or credited as fully paid:	HK\$
1,000 Shares in issue as of the date of this prospectus	0.01
1,012,499,000 Shares to be issued pursuant to the Capitalization Issue	10,124.990
337,500,000 Shares to be issued pursuant to the Global Offering	3,375.000
1,350,000,000 Total	13,500.000

ASSUMPTION

The above table assumes that the Global Offering has become unconditional. It takes no account of any Shares (a) which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme; or (b) which may be allotted and repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKING

The Shares are ordinary Shares in the share capital of our Company and rank pari passu in all respects 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 after the date of this prospectus (save for entitlements to the Capitalization Issue).

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of Shares, namely ordinary Shares, each of which ranks pari passu with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, our Company may from time to time by Shareholders' ordinary resolution (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into Shares of smaller amount; and (v) cancel any

SHARE CAPITAL

Shares which have not been taken. In addition, our Company may reduce or redeem its share capital by Shareholders' special resolution. For more details, please see the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law—2. Articles of Association—(c) Alteration of capital" in Appendix IV to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to the Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please see the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law—2. Articles of Association—(d) Variation of rights of existing shares or classes of shares" in Appendix IV to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares, securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities and to make or grant offers, agreements or options which might require such Shares, securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities to be allotted and issued or dealt with at any time subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the sum of:

- (i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme); and
- (ii) the nominal amount of the share capital repurchased by our Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements or a specific authority granted by our Shareholders.

This mandate to issue Shares will remain in effect until:

- (i) at the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or
- (iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

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For further details of this general mandate, please see the section headed “Statutory and General Information—A. Further Information About Our Company and Our Subsidiaries—3. Resolutions in writing of our sole Shareholder passed on December 28, 2015” in Appendix V to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the Global Offering and Capitalization Issue.

This mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed “Statutory and General Information—A. Further Information About Our Company and Our Subsidiaries—7. Repurchase of Shares by our Company” in Appendix V to this prospectus.

This general mandate to repurchase Shares will remain in effect until:

- (i) at the conclusion of our next annual general meeting; or
- (ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or
- (iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see the section headed “Statutory and General Information—A. Further Information about Our Company and Our Subsidiaries—3. Resolutions in writing of our sole Shareholder passed on December 28, 2015” in Appendix V to this prospectus.

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The following discussion should be read in conjunction with the consolidated financial information together with the accompanying notes in the Accountant's Report, the text of which is set forth in Appendix I to this prospectus. Our financial information is prepared in conformity with HKFRS, which may differ in certain material aspects from generally accepted accounting principles in other jurisdictions. You should read the whole Accountant's Report and not rely merely on the information contained in this section. Unless the context otherwise requires, financial information in this section is described on a consolidated basis.

Unless otherwise specified, references in this section to "2012," "2013" and "2014" are to the years ended December 31, 2012, 2013 and 2014, respectively.

The following discussion contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such differences include, without limitation, those discussed in "Risk Factors" and "Business" and elsewhere in this prospectus.

OVERVIEW

We are a property developer in the PRC, focusing on the development of residential properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities. We believe we have a leading market position in Fujian province and Fuzhou, the capital city of Fujian province. We were ranked first in Fujian on the "Top 20 Real Estate Developers in Fujian province in 2015" list and 33rd nationwide on the "Top 50 Real Estate Developers in China in 2015" list, jointly compiled by China Real Estate Research Association, China Real Estate Industry Association and China Real Estate Evaluation Center based on a comprehensive set of criteria, including size, risk management, profitability, growth potential, operating results, innovation and social responsibility. According to CRIC, based on pre-sale data reported by developers to the Fuzhou Real Estate Transaction Center as required by local regulations, we ranked first in the urban districts (namely, Gulou, Taijiang, Cangshan, Mawei and Jin'an) of Fuzhou in terms of pre-sales for the year ended December 31, 2014.*

Headquartered in Fuzhou, we commenced our business in 2003 and have historically focused our property development in the Western Taiwan Straits Economic Zone, capturing the opportunities presented by its rapidly growing economy. We have a well-established development portfolio in this area, including projects in Fuzhou, Zhangzhou and Xiamen. Leveraging our success and experience in the Western Taiwan Straits Economic Zone, we have expanded into Shanghai and Hangzhou, important economic centers in the Yangtze River Delta. We intend to solidify our market position in the Western Taiwan Straits Economic Zone and enhance our position in Shanghai and Hangzhou while further expanding in a prudent manner into other first- and second-tier cities.

* For purposes of this ranking, all pre-sale results of Shiou Group, our 50%-owned joint venture, were attributed to us. Our ranking would remain first with only 50% of the pre-sale results of Shiou Group attributed to us, based on our internal calculations. For more information on how Shiou Group affects our business, financial condition and results of operations, see the sections headed "Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Share of Profits of Investments Accounted for Using the Equity Method, net—Shiou Group" and "Risk Factors—Risks Relating to Our Business—We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition."

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As of October 31, 2015, we had a total of 21 property development projects at various stages of development, including 11 located in Fuzhou, one in Xiamen, five in Zhangzhou, one in Shanghai and three in Hangzhou. As of the same date, we had 12 projects we jointly controlled with other property developers and one project we operated with another property developer in which we had no control in the same region. As of October 31, 2015, these projects developed through our subsidiaries had an estimated total GFA attributable to us of approximately 4.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.2 million sq.m., properties under development with an aggregate GFA attributable to us of approximately 2.9 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 1.3 million sq.m. As of the same date, these projects developed by our joint ventures had an estimated total GFA attributable to us of approximately 1.4 million sq.m., including completed properties held for sale with an aggregate GFA attributable to us of approximately 0.08 million sq.m., completed GFA held for investment with an aggregate GFA attributable to us approximately 0.1 million sq.m., properties under development with an aggregate GFA attributable to us of approximately 1.1 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 0.09 million sq.m., and projects developed by our associated company had an estimated total GFA attributable to us of approximately 0.2 million sq.m., including properties under development with an aggregate GFA attributable to us of approximately 0.09 million sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 0.1 million sq.m.

In addition to projects developed by our subsidiaries, our projects include projects we developed jointly with other developers and one project we operated with another developer in which we had no control. The table below sets forth a basic breakdown of these categories of projects as of October 31, 2015:

	Number of projects	Total GFA attributable to us	
		(sq.m.)	(%)
Projects held by our subsidiaries.....	21	4,388,103	72.8
Projects held by our joint ventures.....	12	1,433,654	23.8
Projects held by our associated company	1	208,044	3.4
	<u>34</u>	<u>6,029,801</u>	<u>100.0</u>

As of October 31, 2015, our properties held for future development included an aggregate estimated GFA attributable to us of approximately 1.0 million sq.m. for which we had not obtained land use rights certificates but had entered into land grant contracts and had either paid the relevant land premiums and were awaiting the relevant government agencies to issue the land use rights certificates or had not paid the relevant land premiums because (a) the relevant local governments had extended the relevant payment period as they had not completed resettlement and infrastructure work in relation to the land parcels or (b) the relevant land premiums had not become due.

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The total attributable GFA of our projects as of October 31, 2015 included an estimated total GFA attributable to us of approximately 788,000 sq.m., comprising completed properties held for sale with an aggregate GFA attributable to us of approximately 30,000 sq.m., properties under development with an aggregate GFA attributable to us of approximately 74,000 sq.m. and properties held for future development with an aggregate estimated GFA attributable to us of approximately 684,000 sq.m., that corresponded to resettlement housing that we undertook to construct under contracts with local PRC governments. We were obligated to sell such properties, once completed, back to the relevant local governments at pre-agreed prices. We record revenue from such source as “revenue from construction contracts.”

For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our revenue was RMB1,291.1 million, RMB2,128.9 million, RMB4,099.2 million, RMB902.6 million and RMB2,106.5 million, respectively, and the profit attributable to our owners was RMB187.5 million, RMB517.7 million, RMB506.5 million, RMB197.9 million and RMB288.8 million, respectively.

BASIS OF PRESENTATION

Our Company was incorporated as an exempted company with limited liability under the laws of the Cayman Islands on September 11, 2014. In preparation for the Global Offering, we carried out the Reorganization as detailed in the section headed “History, Reorganization and Group Structure” in this prospectus. Immediately prior to the Reorganization, the property development business now conducted by the Group, or the Listing Business, was mainly conducted through Rongxin Group and its subsidiaries, controlled by Mr. Ou. Pursuant to the Reorganization, Rongxin Group, together with the Listing Business, was transferred to and held by the Company. The Reorganization, therefore, did not involve any change in the management of the Listing Business and the ultimate owner of the Listing Business remained the same throughout the Track Record Period. Accordingly, the financial information of the Group is presented using the carrying values of the Listing Business under Rongxin Group for all periods presented or, with respect to the combining entities which were incorporated or established during the Track Record Period or which first came under control of Rongxin Group during the Track Record Period, since the respective dates of such incorporation or establishment or the commencement of such control. All intra-group transactions and balances have been eliminated on consolidation.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control. Some of the key factors include the following:

The PRC Economy and Its Impact on the Property Markets

Economic growth, urbanization and rising disposable income in the PRC have been the main driving forces behind the increasing market demand for properties. The real estate industry in the PRC is significantly dependent on the PRC’s overall economic growth, including the increase in the purchasing power of the consumers in the PRC and the resulting demand for properties. The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of

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macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC government. Such macroeconomic dynamics and policies have in the past affected and will likely continue to affect the supply and demand for properties and property pricing trends in the cities and regions where we operate. If we fail to respond to changes in market conditions in a timely manner, there may be a material adverse effect on our business, results of operations and financial condition.

The Regulatory Environment and Measures Affecting the Real Estate Industry in China

Our business has been, and will continue to be, affected by the regulatory environment in China, including, specifically, policies and measures adopted by the PRC government on the property development and related industries. In recent years, the PRC government has implemented a series of measures to contain the pace of economic growth, particularly the perceived over-heating in the real estate market. While the PRC government may still regard the real estate industry important, it has taken restrictive measures to discourage speculation and increase the supply of affordable residential properties. From time to time, the PRC government adjusts or introduces macroeconomic policies to encourage or restrict development in the property sector through regulating, among others, land grants, pre-sales of properties, bank financing, mortgage and taxation. Measures taken by the PRC government to control money supply, credit availability and fixed assets also have a direct impact on our business. The PRC government may introduce initiatives which may affect our access to capital and the means through which we finance our property developments.

Since the first half of 2010, in response to the rising property prices across the country, the PRC government announced new policies and adopted new measures to curtail speculation in the property market and imposed more stringent requirements on the payment of land premiums by property developers. These policies include the abolishment of certain preferential treatment in respect of business tax payable upon transfer of residential properties, increased minimum down-payment for mortgage loans, more stringent requirements on the payment of land premium, further limits on the number of residential properties one household can buy, a trial property tax scheme in Shanghai and Chongqing and a 20% capital gains tax on residential property re-sales. More recently, the property market in the PRC has witnessed signs of a slowdown, with some developers reported to have lowered prices in order to stimulate sales, and many local governments have relaxed property purchase restrictions previously imposed as cooling measures to help boost demand. PRC regulatory measures in the real estate industry will continue to impact our business. See the sections headed “Risk Factors—Risks Relating to the Property Industry in China” and “PRC Regulatory Overview” in this prospectus for more details on the relevant PRC laws and regulations.

Ability to Acquire Suitable Land at Reasonable Cost for Future Development

Based on our current development plans, we believe we have sufficient land reserves for our property developments in the near future. Our continued growth and profitability, however, depend to a large extent on our ability to continue to acquire quality land at reasonable cost to replenish our land bank. Land acquisition costs are one of the primary components of our cost of sales for property development. Over the past few years, land premiums in China have generally increased as a result of the growing PRC economy. We believe that if the PRC economy continues to grow, demand for residential properties is likely to remain strong and competition for land reserves suitable for property

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development will intensify. Our costs of land use rights are affected by a number of factors, including location, timing of acquisition and the plot ratios of the proposed property developments. Costs of land use rights are also affected by our method of acquisition, whether by PRC government-organized tenders, auctions or listings-for-sale or through acquisitions of other companies that hold land use rights. See the section headed “PRC Regulatory Overview—Sale of Real Estate” in this prospectus. Furthermore, since March 2010, the Ministry of Land and Resources has required that the minimum land premium be not less than 70% of a benchmark price for the location and the minimum bidding deposit for a real estate developer be not be less than 20% of the land premium. This and other PRC government policies on land sales will continue to affect our ability to bid for and acquire land.

Pre-sale

Pre-sales provide an important source of our operating cash inflow during the course of property development. PRC laws allow us to pre-sell properties before their completion upon obtaining a pre-sale permit from the relevant governmental authorities with the requirement that we use the pre-sale proceeds to develop the same property projects. Once we fulfill the conditions governed by the PRC laws, we receive the pre-sales permit for such property development in phases and can then commence the pre-sales of a property. However, we do not recognize revenue from the pre-sale of a property until the property has been completed and a delivery notice has been sent to the purchaser.

The timing of pre-sale is dependent upon the progress of property development, since the issuance of a pre-sale permit is subject to specified criteria on the degree of completeness of the construction works. The progress of property development, which can be affected by many factors out of our control, may therefore affect our ability to commence pre-sale or deliver properties to our customers within the specified time limit and in turn affect the amount and timing of cash inflows from pre-sales or revenue we can recognize upon delivery of properties. We also time the launch of our pre-sales depending on the location, type of property and public holidays. Any reduced cash inflow from pre-sales of our properties will increase our reliance on external financing and will impact our ability to finance our continuing property developments.

Timing and Length of Property Development

Our results of operations tend to fluctuate from period to period. The number of property developments that a developer can undertake during any particular period is limited due to the substantial amount of capital required to fund land acquisitions and construction and subject to the availability of suitable land. Property development normally takes many months before any pre-sale takes place and even longer to complete. According to our accounting policy for revenue recognition, although the pre-sale of a property generates positive cash flows for us in the period in which it is made, no revenue is recognized in respect of the sale of a property until its development has been completed and the property has been delivered to the purchaser. See “—Critical Accounting Policies and Estimates—Revenue Recognition” below for more details. Since the delivery of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA and timing of delivery of the properties we sell. Furthermore, our interim results may not be indicative of our annual results.

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Construction Costs

Our results of operations are significantly affected by the construction costs relating to properties sold. Construction costs typically consist of costs for the design and construction of projects, including primarily payments to third-party contractors and architects as well as capitalized expenses (including capitalized interests). Construction costs of our projects vary not only according to the floor area and height of the buildings, but also the geology of the construction site. Our construction costs are affected by price volatility of construction materials such as steel and cement because, even though we engage third-party contractors to carry out construction works and do not directly procure construction materials, our payments to contractors are subject to contractual adjustments for any material fluctuation in the price of construction materials. If the cost of construction materials increase exceeds materiality threshold in the relevant contracts we have with construction contractor, we may be required to reimburse our contractors for any short fall. Our construction costs have also been affected by rising labor costs in the PRC in recent years. We expect the trend to continue in the future. In addition, while we work closely with our external contractors and monitor the quality and progress of the construction and design processes, the contractors could introduce a performance risk which could have an adverse effect on our results of operations. See the sections headed “Risk Factors—Risks Relating to Our Business—Any breach of contractual obligations by third-party contractors for the construction of our property development projects may adversely affect our results of operations and financial condition” and “—Fluctuations in the price of construction materials and our construction contractors’ labor costs could affect our business and financial performance” in this prospectus. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, our construction costs of properties sold were RMB607.3 million, RMB828.6 million, RMB1,086.9 million, RMB379.1 million and RMB812.0 million, respectively, which represented 63.6%, 62.6%, 38.0%, 64.7% and 55.9%, respectively, of our total cost of properties sold.

Access to Capital and Cost of Financing

We fund our business operations primarily through internally generated funds and trust and other borrowings in addition to traditional bank borrowings. As of December 31, 2012, 2013 and 2014 and June 30, 2015, our outstanding bank and other borrowings amounted to RMB1,861.0 million, RMB8,472.0 million, RMB17,258.8 million and RMB18,242.7 million, respectively. As of the same dates, the weighted average effective interest rates of our outstanding borrowings (including bank borrowings and trust and other borrowings) were 8.03%, 10.53%, 10.88% and 11.16%, respectively. As commercial banks in China link the interest rates on their bank loans to benchmark lending rates published by the PBOC, and the interest rates on trust and other borrowings are typically benchmarked against the PBOC rates as well, any increase in such benchmark lending rates will increase the interest costs related to our developments. Our access to capital and cost of financing are also affected by restrictions imposed from time to time by the PRC government on lending for property development. In addition, since we use trust and other borrowings on a substantial scale, our cost of financing is affected by the proportion of trust and other borrowings in our overall external financing since trust financing typically costs more than traditional bank borrowing. As of June 30, 2015, our trust and other borrowings amounted to RMB16,031.6 million, which represented 87.9% of our total borrowings.

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LAT

We are required to pay LAT on our property developments with respect to any appreciation in value of the related land. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, we made provisions for LAT of RMB51.7 million, RMB174.9 million, RMB229.8 million, RMB64.9 million and RMB121.5 million, respectively. As of the Latest Practicable Date, we had made prepayments and provisions for LAT in compliance with the relevant LAT laws and regulations. However, we cannot assure you that the relevant tax authorities will always agree with the basis on which we have calculated our LAT liabilities for provision purposes or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Our financial position may be adversely affected if our LAT liabilities as calculated by the relevant tax authorities are substantially higher than our LAT provisions. See the section headed “Risk Factors—Risks Relating to Our Businesses—If our provisions for LAT prove to be insufficient, our financial results would be adversely affected” in this prospectus.

Expansion into Other Cities

Our continuing growth depends, to a significant extent, on our ability to expand into other cities. We began our business in Fuzhou and, over the years, have expanded into other cities in Fujian province, including Xiamen and Zhangzhou, as well as Shanghai and Hangzhou. We intend to expand into other first- and second-tier cities in the PRC in a prudent manner. Despite our past record of expansion, as we enter new markets, we may not have the same level of familiarity with local contractors, business practices, customs and customer tastes, behavior and preference. If we cannot successfully leverage our experience or understand the property market in any other cities which we target for expansion, our business, results of operations and financial position will be adversely affected.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with HKFRS requires us to adopt accounting policies and make judgments, estimates and assumptions that affect amounts reported in our financial statements. In applying these accounting policies, we make subjective judgments, based on experience and other factors, that may be complex and frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the real estate industry, while others are specific to our business and operations. Actual results may differ from those estimates and assumptions. The following section discusses the accounting policies applied in preparing our financial statements that we believe are most dependent on the application of these judgments and estimates and certain other significant accounting policies. No material deviation of our estimates as compared to our actual results were noted in the past, no material changes were made to our estimates in the past and no material changes will likely be made to our estimates in the future.

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Revenue Recognition

We measure revenue at the fair value of the consideration received or receivable which represents amounts receivable for the sales of properties and services provided, stated net of discounts returns and after eliminating sales within the Group.

We recognize revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. We base our estimates on historical results, taking into consideration the type of customer, type of transaction and the specifics of each arrangement.

Sales of Properties

We recognize revenue from sales of properties when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. We include deposits and installments received on properties sold prior to the date of revenue recognition in our consolidated balance sheets as "pre-sale proceeds received from customers" under current liabilities.

When constructing properties, we typically divide the development projects into phases. We deliver the properties that have been completed and recognize revenue from the delivery of such properties during the reporting period. Such delivery can occur prior to the completion of the whole development project.

Construction Contracts

When we can reliably estimate the outcome of a construction contract and it is probable that the contract will be profitable, we recognize contract revenue over the period of the contract by reference to the stage of completion. We recognize contract costs as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, we recognize the expected loss as an expense immediately.

When we cannot reliably estimate the outcome of a construction contract, we recognize contract revenue only to the extent of contract costs incurred that are likely to be recoverable.

We include in contract revenue variations in contract work, claims and incentive payments to the extent that may have been agreed with the customer and are capable of being reliably measured.

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We use the “percentage-of-completion” method to determine the appropriate amount to recognize in a given period. We measure the stage of completion by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. In determining the state of completion, we exclude costs incurred in the period in connection with future activity on a contract from contract costs.

On the balance sheet, we report the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognized profits (less recognized losses) exceed progress billings; a contract represents a liability where the opposite is the case.

Interest Income

We recognize interest income using the effective interest method.

Properties under Development and Completed Properties Held for Sale

We state properties under development and completed properties held for sale at the lower of cost and net realizable value. Development cost of properties comprises mainly cost of land use rights, construction costs, borrowing costs and professional fees incurred during the development period. In determining net realizable value we take into account the price ultimately expected to be realized, less applicable variable selling expenses and anticipated cost to completion.

We classify properties under development as current assets unless the construction period of the relevant property development project is expected to extend beyond a normal operating cycle.

Land Use Rights

We measure land use rights acquired by us for property development at the lower of cost and net realizable value. If the underlying development projects are within normal operating cycles, we record the land use rights under “properties under development” or “completed properties held for sale,” as applicable, under current assets; if the projects are out of a normal operating cycle we record the land use rights under non-current assets. We record land use rights underlying hotel properties and self-use properties as non-current assets, initially at cost and subsequently amortized in our consolidated statements of comprehensive income on a straight-line basis over the operating lease periods.

Borrowing Cost

We add 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, to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

We recognize all other borrowing costs in profit or loss in the period in which they are incurred.

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Financial Guarantee Liabilities

We account for financial guarantee contracts that are within the scope of HKAS39 “Financial Instrument: Recognition and Measurement” as financial liabilities. We recognize a financial guarantee contract initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequently, we measure the financial guarantee contract at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognized less cumulative amortization.

Current and Deferred Income Tax

Tax expense comprises current and deferred tax. We recognize tax in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current Income Tax

We calculate the current income tax charge on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where our entities operate and generate taxable income. We periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establish provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Inside basis differences

We recognize deferred income tax, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial information. However, 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. We determine deferred income tax using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

We recognize deferred income tax assets only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

We provide deferred income tax liabilities on taxable temporary differences arising from investments in subsidiaries, associated company and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by us and it is

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probable that the temporary difference will not reverse in the foreseeable future. Generally we are unable to control the reversal of the temporary difference for associated company. Only where there is an agreement in place that gives us the ability to control the reversal of the temporary difference is the difference not recognized.

We recognize deferred income tax assets on deductible temporary differences arising from investments in subsidiaries, associated company and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

Offsetting

We offset deferred income tax assets and liabilities 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.

LAT

We are subject to LAT in the PRC. We have not finalized our LAT calculation and payments with local tax authority in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and its related taxes. We recognize LAT based on our best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalized with local tax authority.

Fair value of investment properties held by joint ventures

Investment properties in joint ventures, including completed investment properties and investment properties under construction, are carried at their fair value. The fair value of the investment properties is determined by reference to valuations conducted on these properties by independent property valuers using property valuation techniques which involve certain assumptions of prevailing market conditions. Favorable or unfavorable changes to these assumptions may result in changes in the fair value of the joint ventures' investment properties, which will, in turn, lead to changes in our share of the results of the joint ventures.

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CERTAIN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME ITEMS

Revenue

During the Track Record Period, we derived revenue from sales of properties in the PRC and certain construction contracts with local PRC governments with respect to construction of resettlement housing. The following table sets out a breakdown of our revenue recognized from such sources:

	For the year ended December 31,						For the six months ended June 30,			
	2012		2013		2014		2014		2015	
(unaudited)										
(RMB in thousands, except for percentages)										
Revenue										
Sales of properties	1,265,073	98.0%	2,075,439	97.5%	3,996,186	97.5%	878,936	97.4%	2,073,632	98.4%
Construction contracts	26,054	2.0%	53,459	2.5%	103,044	2.5%	23,700	2.6%	32,883	1.6%
	<u>1,291,127</u>	<u>100%</u>	<u>2,128,898</u>	<u>100%</u>	<u>4,099,230</u>	<u>100%</u>	<u>902,636</u>	<u>100%</u>	<u>2,106,515</u>	<u>100%</u>

Sales of properties. The following table sets out a breakdown of our revenue, GFA delivered and recognized ASP from sales of properties by type of property:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
(unaudited)					
Revenue (RMB in thousands)					
Residential	1,254,598	1,843,931	3,587,575	829,614	1,870,695
Commercial	—	38,429	85,578	2,660	—
Car Parks	10,475	193,079	323,033	46,662	202,937
Total	<u>1,265,073</u>	<u>2,075,439</u>	<u>3,996,186</u>	<u>878,936</u>	<u>2,073,632</u>
GFA Delivered (sq.m.)					
Residential	102,948	133,585	201,569	66,825	177,008
Commercial	—	1,719	4,051	85	—
Car Parks	2,008	28,575	35,684	6,709	34,163
Total	<u>104,956</u>	<u>163,879</u>	<u>241,304</u>	<u>73,619</u>	<u>211,171</u>
Recognized ASP (RMB per sq.m.)					
Residential	12,187	13,803	17,798	12,415	10,568
Commercial	—	22,351	21,125	31,294	—
Car Parks	5,217	6,757	9,053	6,955	5,940
All properties	12,053	12,664	16,561	11,939	9,820

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Construction contracts. During the Track Record Period, in connection with our development of the Lan County, The Coast and other projects, as specified in the relevant land grant contracts, we cooperated with the local governments in constructing resettlement housing units adjacent to our own developments. Under this arrangement, we do not own the land use rights to the land parcels underlying the resettlement properties and are only providing a service to the local governments in conducting property development. See the section headed “Business—Construction of Resettlement Housing” in this prospectus. As compensation for rendering our services under our contracts with the local governments, we received payments from the governments, which we recognized as revenue based on a percentage-of-completion basis.

Under such arrangements, we were required to make payments to the local governments as nominal deposits with respect to the relevant land parcels. These deposits will be refunded to us, without interest, according to a pre-determined schedule linked to progress of development. We have accounted for these deposits to be refunded to us on our balance sheet under “Trade and Other Receivables and Prepayments.” See the section headed “—Certain Consolidated Balance Sheet Items—Trade and Other Receivables and Prepayments—Deposits for Construction Contracts” in this prospectus.

The following table sets forth our projects that had construction contract arrangements as of October 31, 2015:

Project	Actual/Planned total GFA for construction contracts (sq.m.)	Group’s interest
Lan County	29,837	100%
The Coast	49,934	100%
Long Island.....	207,000	100%
The Twin Harbor City	476,530	100%
Future City	5,014	100%
Imperial Villa.....	6,266	51%
Hangzhou Mansion.....	16,013	100%
Total	<u>790,594</u>	

Of these construction contracts, only those relating to the Lan County, The Coast and the Hangzhou Mansion projects generated revenue and, accordingly, cost of sales during the Track Record Period. As of October 31, 2015, Show Kingdom, Imperial Land and French Legend, projects developed by our joint ventures, and Zhangzhou Wanke City, a project developed by an associated company, also had construction contract arrangements.

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Cost of Sales

Our cost of sales comprises cost of properties sold, which represents costs directly associated with revenue from sales of properties recognized during the given period, and cost of construction contracts. We recognize the cost of properties sold and cost of construction contracts for a given period to the extent that revenue from the sale of such properties or such contracts is recognized in such period.

Cost of Properties Sold

During the Track Record Period, cost of properties sold included construction cost, cost of land use rights, capitalized interest and business and other taxes. The table below sets forth our cost of properties sold for the periods indicated:

	For the year ended December 31,										For the six months ended June 30,					
	2012				2013				2014		2014				2015	
											(unaudited)					
	Cost of	Cost per			Cost of	Cost per			Cost of	Cost per			Cost of	Cost per		
	Sales	GFA	Cost of		GFA	Cost of	GFA		Sales	GFA	Cost of		Sales	GFA		
		delivered	Sales	delivered	Sales	delivered			delivered	Sales	delivered	Sales	delivered			
	(RMB in thousands, except for percentages)															
Cost of properties sold																
Construction cost	607,327	63.6%	5.9	828,551	62.6%	5.1	1,086,859	38.0%	4.6	379,077	64.7%	5.1	811,979	55.9%	3.8	
Cost of land use rights	129,362	13.6%	1.3	178,485	13.5%	1.3	1,246,145	43.5%	6.1	67,870	11.6%	1.0	393,409	27.1%	2.2	
Capitalized interest.....	146,790	15.4%	1.4	201,227	15.2%	1.2	304,958	10.7%	1.3	89,745	15.3%	1.2	132,197	9.1%	0.6	
Business taxes and other taxes	70,844	7.4%	0.7	116,225	8.7%	0.7	223,786	7.8%	0.9	49,220	8.4%	0.7	116,123	8.0%	0.5	
Total	954,323	100.0%	9.3	1,324,488	100.0%	8.3	2,861,748	100.0%	12.9	585,912	100.0%	8.1	1,453,708	100.0%	7.2	

Construction cost of properties sold

Construction cost of properties sold includes all of the costs for the design and construction of a project, including payments to third-party contractors and designers which typically cover the cost of construction materials. Our construction costs are affected by a number of factors such as changes in construction labor costs and construction materials costs (particularly steel and cement), location and types of properties, choice of materials, landscaping and development of ancillary facilities.

Cost of land use rights of properties sold

Cost of land use rights of properties sold represents costs relating to our acquisition of land. Our cost of land use rights of properties sold is influenced by a number of factors, including location, timing of the acquisition and a project's plot ratios. Cost of land use rights of properties sold is also affected by our method of acquisition, whether by PRC government-organized tenders, auctions or listings-for-sale, through private sale transactions and cooperative agreements with third parties in the secondary market. Our cost of land use rights of properties sold can be materially affected by PRC government policies and regulations on the transfer of land use rights for property development.

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Capitalized interest

Capitalized Interest represents interest costs that had been capitalized into the relevant properties when they were under development.

Business taxes and other taxes

Business taxes and other taxes include certain miscellaneous business and other taxes payable by us and our various operating subsidiaries in accordance with local laws and regulations in connection with our business activities. Business taxes are generally levied at 5% of revenue from our property development subsidiaries, while surcharges vary from city to city, usually ranging from 10% to 14% of business tax.

Cost of Construction Contracts

We recognize cost of construction contracts in a given period to the extent we recognize the relevant revenue, based on percentage of completion. The table below sets forth our cost of construction contracts for the periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2012		2013		2014		2014		2015	
	(unaudited)									
	(RMB in thousands, except for percentage)									
Cost of construction contracts										
Cost of construction contracts ...	20,292	83.7%	41,636	83.7%	87,009	89.3%	18,459	83.7%	29,902	94.9%
Business taxes and other taxes....	3,950	16.3%	8,105	16.3%	10,471	10.7%	3,593	16.3%	1,594	5.1%
Total.....	24,242	100.0%	49,741	100.0%	97,480	100.0%	22,052	100.0%	31,496	100.0%

Gross Profit

Gross profit represents revenue less cost of sales.

Other Income

Other income primarily includes gains from certain cash management products and deposits forfeited from some of our prospective customers who breached property purchase agreements.

Selling and Marketing Costs

Selling and marketing costs include staff costs, advertisement expenses, office and travel expenses, property management fees and others. Others include vehicle use fee, depreciation, amortization and other miscellaneous fees and expenses. Our selling and marketing costs in any period

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may be affected by the number of newly introduced developments in that period. The following table sets forth our selling and marketing costs for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
				(unaudited)	
				(RMB in thousands)	
Staff costs	10,126	22,841	40,125	15,483	23,520
Advertisement expenses	80,378	131,032	207,428	90,682	115,761
Office and travel expenses	892	2,746	5,659	1,494	3,201
Property management fees	8,727	13,047	27,590	9,686	17,199
Others	1,775	4,827	8,071	3,216	6,481
Total	<u>101,898</u>	<u>174,493</u>	<u>288,873</u>	<u>120,561</u>	<u>166,162</u>

Administrative Expenses

Administrative expenses mainly include staff costs representing salaries and benefits for our administrative personnel, other taxes, listing expenses, office and travel expenses, entertainment expenses, audit fees, office lease expenses, depreciation and amortization and others. Others include consulting fees, vehicle use fee, conference fee, insurance fee for property, financial service fee, recruitment cost, non-operating expenses and other miscellaneous fees and expenses. The following table sets forth our administrative expenses for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
				(unaudited)	
				(RMB in thousands)	
Staff costs	31,352	50,685	97,553	39,455	36,620
Other taxes	6,921	21,960	39,057	10,847	8,303
Listing expenses	—	—	14,420	960	7,082
Office and travel expenses	4,262	9,953	15,683	5,664	6,833
Entertainment expenses	14,179	14,789	14,893	6,604	5,654
Audit fees	237	693	852	277	388
Office lease expenses	2,528	7,209	17,402	8,734	8,689
Depreciation and amortization	4,231	7,414	9,084	4,065	5,222
Others	17,779	37,634	58,062	24,673	41,029
Total	<u>81,489</u>	<u>150,337</u>	<u>267,006</u>	<u>101,279</u>	<u>119,820</u>

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Finance Income

Finance income primarily consists of interest income from bank deposits.

Share of Profits of Investments Accounted for Using the Equity Method, net

We account for our interests in joint ventures and an associated company during the Track Record Period using the equity method. Share of profits of investments accounted for using the equity method, net represents the aggregate profits of such joint ventures and associated company as weighted by our respective shares of beneficial ownership. The following table sets forth selected information on such joint ventures and associated company had during the Track Record Period:

Company	Our beneficial ownership	Project	City
Shiou Property and its subsidiaries	50%	Riverside City, Beyond City, ⁽¹⁾ Lan Hill and Show Kingdom	Fuzhou
Shanghai Kaitai	50%	Shanghai Xujing Project	Shanghai
Shanghai Kaidai	50%	French Legend	Shanghai
Liboshuntai Property	50%	West Coast	Fuzhou
Shanghai Kaiyu	50%	Shanghai Huacao Lot I	Shanghai
Shanghai Kairi	50%	Shanghai Huacao Lot II	Shanghai
Shanghai Kaichang	50%	Shanghai Huacao Lot IV	Shanghai
Hairong (Zhangzhou) Property Co., Ltd.	50%	Imperial Land	Zhangzhou
Shanghai Kaichong ⁽²⁾	25%	Shanghai Huacao Lot III	Shanghai
Zhangzhou City Wankebinjiang Property Co., Ltd. ⁽³⁾	20%	Zhangzhou Wanke City	Zhangzhou

Notes:

- (1) Beyond City was developed by Shiou Group, in which we held a 50% equity interest. By agreement with our joint venture partner, we held a 40% attributable interest in this project.
- (2) Our equity interest is 25% and the other two partners hold the remaining 25% and 50% of equity interest, respectively. According to the articles of this company, all three shareholders have equal voting rights and any material decision of the company shall be approved by all three shareholders. Therefore, we account for this company as a joint venture.
- (3) Zhangzhou City Wankebinjiang Property Co., Ltd. is an associated company of our Group.

Among such joint ventures and associated company, we consider Shiou Group and Shanghai Kaitai material to our financial information for the Track Record Period and include below summarized financial information of such entities during the Track Record Period.

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Shiou Group

During the Track Record Period, Shiou Group accounted for a majority of our share of profits of investments accounted for using the equity method, net and had a significant impact on our overall profitability as well. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, Shiou Group had a total comprehensive income of RMB262.2 million, RMB654.5 million, RMB514.2 million, RMB387.5 million and RMB282.8 million, respectively. Accordingly, our share of profits from Shiou Group was RMB130.7 million, RMB326.8 million, RMB257.1 million, RMB193.7 million and RMB141.4 million for the same periods, respectively, accounting for 49.7%, 43.0%, 30.8%, 73.2% and 30.6% of our profit before income tax for the same periods, respectively.

For more information on Shiou Group, see the section headed “History, Reorganization and Group Structure—History and Development—Our Major Subsidiaries, Joint Ventures and Associated Company” and the descriptions of properties developed by Shiou Group in the section headed “Business—Our Property Development Business—Projects Held by Our Joint Ventures and Associated Company.” See also the section headed “Risk Factors—Risks Relating to Our Business—We may not be able to realize the anticipated economic and other benefits from our joint ventures, and disputes with joint venture partners or any violation of PRC laws by our joint ventures may adversely affect our business, results of operations and financial condition” in this prospectus.

The following tables set forth Shiou Group’s summarized statement of comprehensive income information and balance sheet information for the periods indicated:

Summarized statement of comprehensive income

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Revenue	2,463,782	3,036,479	2,393,615	1,730,265	4,717,335
Cost of sales	(1,902,084)	(2,249,290)	(2,001,791)	(1,408,421)	(4,023,555)
Selling and marketing costs	(74,994)	(145,230)	(108,544)	(57,315)	(41,840)
Administrative expenses	(64,417)	(61,471)	(63,591)	(26,155)	(33,515)
Interest income	847	1,335	1,531	739	368
Fair value gain from investment property	6,076	452,939	504,992	316,146	66,258
Other income	2,144	2,797	5,169	2,831	2,220
Profit before income tax	431,354	1,037,559	731,381	558,090	687,271
Income tax expenses	(169,137)	(383,091)	(217,161)	(170,563)	(404,449)
Profit for the year/period	262,217	654,468	514,220	387,527	282,822
Total comprehensive income	262,217	654,468	514,220	387,527	282,822
Our share*	130,722	326,757	257,059	193,715	141,411

* We hold a 50% equity interest in Shiou Property, but by separate agreement with our joint venture partner we hold a 40% economic interest in Beyond City, one of the projects held by Shiou Group. Therefore, our share of Shiou Group’s total comprehensive income is slightly less than 50%.

FINANCIAL INFORMATION

Summarized balance sheets

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
ASSETS				
Non-current assets				
Investment properties	1,196,000	2,044,000	3,175,000	3,312,000
Other non-current assets.....	26,890	59,877	69,128	33,360
	<u>1,222,890</u>	<u>2,103,877</u>	<u>3,244,128</u>	<u>3,345,360</u>
Current assets				
Properties under development	7,882,481	7,699,920	8,161,682	4,002,074
Completed properties held for sale.....	937,164	614,150	187,899	1,796,662
Amounts due from shareholders	217,200	2,342,904	2,979,903	2,753,903
Amounts due from customers for contract works	—	17,183	575,131	193,551
Trade and other receivables.....	192,940	122,430	77,582	99,565
Prepayments.....	323,082	455,502	361,096	161,384
Prepaid income tax	143,401	312,564	379,907	136,628
Restricted cash.....	118,131	89,790	140,833	19,433
Cash and cash equivalents.....	577,881	52,692	196,378	91,672
	<u>10,392,280</u>	<u>11,707,135</u>	<u>13,060,411</u>	<u>9,254,872</u>
Total assets	<u>11,615,170</u>	<u>13,811,012</u>	<u>16,304,539</u>	<u>12,600,232</u>
LIABILITIES				
Non-current liabilities				
Borrowings	(2,254,500)	(3,285,540)	(1,544,700)	(1,054,800)
Other liabilities.....	(8,278)	(121,188)	(247,436)	(277,790)
	<u>(2,262,778)</u>	<u>(3,406,728)</u>	<u>(1,792,136)</u>	<u>(1,332,590)</u>
Current liabilities				
Borrowings	(999,000)	(200,000)	(2,402,020)	(2,433,700)
Advances received from pre-sales of properties	(4,074,668)	(6,968,190)	(8,585,407)	(5,140,499)
Amounts due to shareholders	(1,005,058)	—	—	—
Amounts due to customers for contract works	(558,134)	—	—	—
Trade and other payables	(2,031,741)	(1,709,643)	(1,744,862)	(1,622,396)
Current income tax liabilities.....	(95,848)	(284,040)	(23,483)	(31,594)
	<u>(8,764,449)</u>	<u>(9,161,873)</u>	<u>(12,755,772)</u>	<u>(9,228,189)</u>
Total liabilities	<u>(11,027,227)</u>	<u>(12,568,601)</u>	<u>(14,547,908)</u>	<u>(10,560,779)</u>
Net assets.....	587,943	1,242,411	1,756,631	2,039,453

FINANCIAL INFORMATION

The following table sets forth a reconciliation of our carrying value in Shiou Group during the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
				(unaudited)	
				(RMB in thousands)	
Opening net assets	325,726	587,943	1,242,411	1,242,411	1,756,631
Profit for the year/period	262,217	654,468	514,220	387,528	282,822
Other comprehensive income.....	—	—	—	—	—
Closing net assets	<u>587,943</u>	<u>1,242,411</u>	<u>1,756,631</u>	<u>1,629,939</u>	<u>2,039,453</u>
Our interest*	<u>263,513</u>	<u>590,270</u>	<u>847,328</u>	<u>783,985</u>	<u>988,739</u>

* We hold a 50% equity interest in Shiou Property, but by separate agreement with our joint venture partner we hold a 40% economic interest in Beyond City, one of the projects held by Shiou Group. Therefore, our share of Shiou Group's total comprehensive income is slightly less than 50%.

Shanghai Kaitai

Shanghai Kaitai is one of our joint venture companies, which became material to us during the Track Record Period primarily due to the material amount of assets. For more information on Shanghai Kaitai, see the section headed “History, Reorganization and Group Structure—History and Development—Our Major Subsidiaries, Joint Ventures and Associated Company” in this prospectus.

The following tables set forth Shanghai Kaitai's summarized balance sheet information for the periods indicated:

Summarized balance sheets

	As of December 31,			As of June 30,
	2012	2013	2014	2015
				(RMB in thousands)
ASSETS				
Non-current assets				
Deferred tax asset	—	125	684	2,073
Other non-current assets.....	—	78	63	55
	<u>—</u>	<u>203</u>	<u>747</u>	<u>2,128</u>

FINANCIAL INFORMATION

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Current assets				
Properties under development	—	4,768,479	5,062,162	5,521,134
Trade and other receivables.....	—	—	5,020	6,000
Cash and cash equivalents.....	—	7,795	33,178	80,084
	—	4,776,274	5,100,360	5,607,218
Total assets	—	4,776,477	5,101,107	5,609,346
LIABILITIES				
Non-current liabilities				
Borrowings	—	—	—	335,820
Current liabilities				
Advances received from pre-sales of properties	—	—	—	202,517
Amounts due to shareholders	—	4,766,392	2,818,682	2,817,034
Trade and other payables	—	461	274,476	250,195
	—	4,766,853	3,093,158	3,269,746
Total liabilities	—	4,766,853	3,093,158	3,605,566
Net assets	—	9,624	2,007,949	2,003,780

During the Track Record Period, Shanghai Kaitai was developing its properties (the Shanghai Xujing Project) which were not ready for delivery, and therefore recorded no revenue or cost of sales. Because it incurred an insignificant amount of selling and marketing costs and administrative expenses, it recorded a net loss during the Track Record Period.

Other Joint Ventures and Associated Company

Due to the same reason, our other joint ventures and associated company (except the Shiou Group) also recorded net losses during the Track Record Period. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, such net losses of our joint ventures and associated company (excluding Shiou Group and Shanghai Kaitai) amounted to RMB0.2 million, RMB4.7 million, RMB26.4 million, RMB10.1 million and RMB42.4 million, respectively. The relevant costs and expenses are attributable primarily to the selling, marketing and administrative activities of Shanghai Kaidai, Liboshuntai Property and Hairong (Zhangzhou) Property Co., Ltd., as the property development projects of these companies were at a more advanced stage and these companies had therefore incurred more costs and expenses.

FINANCIAL INFORMATION

Income Tax Expenses

Our income tax expenses comprises provisions made for EIT (net of deferred tax) and LAT in the PRC. The provision for EIT for our PRC subsidiaries during the Track Record Period was based on the standard rate of 25%. Our effective tax rate, taking into consideration LAT and deferred tax, was 29.3%, 26.4%, 28.1%, 37.0% and 26.7%, for 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively. Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on January 1, 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on January 27, 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items. Accordingly, we made a LAT provision of RMB51.7 million, RMB174.9 million, RMB229.8 million, RMB64.9 million and RMB121.5 million in 2012, 2013 and 2014 and the six months ended June 30, 2014 and 2015, respectively. The following table sets forth our income tax expenses for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands, except for percentages)				
Current income tax					
- PRC corporate income tax.....	39,324	119,916	164,298	49,593	87,937
- PRC land appreciation tax.....	51,717	174,919	229,785	64,882	121,492
Deferred income tax.....	(15,771)	(51,053)	(62,121)	(45,187)	(28,022)
	<u>75,270</u>	<u>243,782</u>	<u>331,962</u>	<u>69,288</u>	<u>181,407</u>
Effective tax rate ⁽¹⁾	<u>29.3%</u>	<u>26.4%</u>	<u>28.1%</u>	<u>37.0%</u>	<u>26.7%</u>

Note:

- (1) Calculated as income tax expenses divided by profit before income tax (eliminating share of profits of investments accounted for using the equity method, net and LAT).

FINANCIAL INFORMATION

Our Directors confirm that, pursuant to the confirmation letters with respect to our PRC subsidiaries issued by the relevant PRC local tax bureaus, each of our PRC subsidiaries has made all the required tax filings under the relevant tax laws and regulations in the PRC, has paid all outstanding tax liabilities and is not subject to any administrative punishment with PRC tax authorities.

SUMMARY CONSOLIDATED INCOME STATEMENT DATA

The following table sets forth certain items derived from our consolidated statements of comprehensive income for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Revenue	1,291,127	2,128,898	4,099,230	902,636	2,106,515
Cost of sales	(978,565)	(1,374,229)	(2,959,228)	(607,964)	(1,485,204)
Gross profit	312,562	754,669	1,140,002	294,672	621,311
Selling and marketing costs	(101,898)	(174,493)	(288,873)	(120,561)	(166,162)
Administrative expenses	(81,489)	(150,337)	(267,006)	(101,279)	(119,820)
Other income	1,631	3,396	3,729	2,014	4,716
Operating profit	130,806	433,235	587,852	74,846	340,045
Finance income - net	1,409	2,071	5,025	1,932	5,674
Share of profits of investments accounted for using the equity method, net	130,600	324,204	240,724	187,960	116,772
Profit before income tax	262,815	759,510	833,601	264,738	462,491
Income tax expenses	(75,270)	(243,782)	(331,962)	(69,288)	(181,407)
Profit for the year/period	187,545	515,728	501,639	195,450	281,084
Profit for the year/period attributable to:					
Owners of the Company	187,545	517,691	506,507	197,857	288,806
Non-controlling interests	—	(1,963)	(4,868)	(2,407)	(7,722)
	187,545	515,728	501,639	195,450	281,084

FINANCIAL INFORMATION

DISCUSSION OF RESULTS OF OPERATIONS

Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014

Revenue

Our revenue increased by 133.4% to RMB2,106.5 million for the six months ended June 30, 2015 from RMB902.6 million for the six months ended June 30, 2014. This increase was primarily due to an increase in GFA delivered from sales of properties from 73,619 sq.m. for the six months ended June 30, 2014 to 211,171 sq.m. for the six months ended June 30, 2015, partially offset by a decrease in recognized ASP from sales of properties from RMB11,939 per sq.m. for the six months ended June 30, 2014 to RMB9,820 per sq.m. for the six months ended June 30, 2015. We experienced the increase in GFA delivered primarily due to our development schedule, under which we delivered relatively more properties, such as those from Lan Garden, in the six months ended June 30, 2015, particularly in the second quarter of 2015. We did not conduct any marketing activities or offered any additional incentives to our customers in the second quarter of 2015 that were significantly different from our normal practice. The decrease in recognized ASP was primarily due to the proportionally greater deliveries of properties from Lan Garden, which is located in Zhangzhou where property prices are generally lower than Fuzhou.

Cost of Sales

Our cost of sales increased by 144.3% to RMB1,485.2 million for the six months ended June 30, 2015 from RMB608.0 million for the six months ended June 30, 2014, primarily because of the increase in GFA delivered.

Gross Profit

As a result of the foregoing, our gross profit increased by 110.8% to RMB621.3 million for the six months ended June 30, 2015 from RMB294.7 million for the six months ended June 30, 2014. Our gross profit margin decreased to 29.5% for the six months ended June 30, 2015 from 32.6% for the six months ended June 30, 2014, primarily because we delivered proportionally more high-rise apartments in the first half of 2015 which had a comparatively lower profitability as compared to high-end low-density properties which we delivered proportionally more in the first half of 2014.

Other Income

Other income increased by 134.2% to RMB4.7 million for the six months ended June 30, 2015 from RMB2.0 million for the six months ended June 30, 2014 primarily due to increased forfeited deposits from prospective purchasers.

Selling and Marketing Costs

Selling and marketing costs increased by 37.8% to RMB166.2 million for the six months ended June 30, 2015 from RMB120.6 million for the six months ended June 30, 2014, primarily due to increases in marketing expenses and the number of our sales staff as a result of our increased sales activities.

FINANCIAL INFORMATION

Administrative Expenses

Administrative expenses increased by 18.3% to RMB119.8 million for the six months ended June 30, 2015 from RMB101.3 million for the six months ended June 30, 2014, primarily due to an increase in listing expenses.

Finance Income - net

Finance income increased by 193.7% to RMB5.7 million for the six months ended June 30, 2015 from RMB1.9 million for the six months ended June 30, 2014. Our finance income for the six months ended June 30, 2015 primarily includes interest income from our increased bank deposits.

Share of Profits of Investments Accounted for Using the Equity Method, net

Share of profits of investments accounted for using the equity method, net decreased by 37.9% to RMB116.8 million for the six months ended June 30, 2015 from RMB188.0 million for the six months ended June 30, 2014, primarily because the relevant joint ventures delivered proportionally more resettlement housing units in the first half of 2015 which had a comparatively lower profitability as compared to the properties delivered in the first half of 2014.

Profit Before Income Tax

As a result of the foregoing factors, profit before income tax increased by 74.7% to RMB462.5 million for the six months ended June 30, 2015 from RMB264.7 million for the six months ended June 30, 2014.

Income Tax Expenses

Income tax expenses increased by 161.8% to RMB181.4 million for the six months ended June 30, 2015 from RMB69.3 million for the six months ended June 30, 2014. Specifically, EIT net of deferred income tax increased by 1,259.9% to RMB59.9 million for the six months ended June 30, 2015 from RMB4.4 million for the six months ended June 30, 2014, while LAT increased by 87.3% from RMB64.9 million for the six months ended June 30, 2014 to RMB121.5 million for the six months ended June 30, 2015. Our effective income tax rate for the six months ended June 30, 2015 was 26.7%, compared to 37.0% for the six months ended June 30, 2014. See the section headed “—Certain Consolidated Statements of Comprehensive Income Items—Income Tax Expenses” in this prospectus.

Profit for the Period

As a result of the foregoing factors, profit for the six months ended June 30, 2015 increased by 43.8% to RMB281.1 million from RMB195.5 million for the six months ended June 30, 2014.

FINANCIAL INFORMATION

Profit Attributable to Owners of the Company

As a result of foregoing factors, profit attributable to owners of our Company increased by 46.0% to RMB288.8 million for the six months ended June 30, 2015 from RMB197.9 million for the six months ended June 30, 2014.

Loss Attributable to Non-controlling Interests

Loss attributable to non-controlling interests increased to RMB7.7 million for the six months ended June 30, 2015 from RMB2.4 million for the six months ended June 30, 2014.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue

Our revenue increased by 92.6% to RMB4,099.2 million in 2014 from RMB2,128.9 million in 2013. This increase was primarily due to an increase in GFA delivered in sales of properties from 163,879 sq.m. to 241,304 sq.m. and an increase in recognized ASP from sales of properties from RMB12,664 per sq.m. in 2013 to RMB16,561 per sq.m. in 2014. The increase in our GFA delivered was primarily due to the development and delivery schedule of our Lan County project. We experienced the increase in recognized ASP primarily because a majority of the properties delivered in 2014 were from our Lan County project, which had comparatively higher ASPs than the David City project, which contributed to our revenue from sales of properties in 2013.

Cost of Sales

Our cost of sales increased by 115.3% to RMB2,959.2 million in 2014 from RMB1,374.2 million in 2013. We experienced this increase in our cost of sales primarily because the land acquisition costs for our Lan County project were comparatively higher.

Gross Profit

As a result of the foregoing, our gross profit increased by 51.1% to RMB1,140.0 million in 2014 from RMB754.7 million in 2013. Our gross profit margin decreased to 27.8% in 2014 from 35.4% in 2013, primarily because of the relatively higher land acquisition costs of our Lan County project.

Other Income

Other income increased to RMB3.7 million in 2014 from RMB3.4 million in 2013.

Selling and Marketing Costs

Selling and marketing costs increased by 65.5% to RMB288.9 million in 2014 from RMB174.5 million in 2013, primarily due to our increased sales activities, as we had 15 projects on sale in 2014 as compared to 11 projects in 2013. We experienced an increase in both the headcount of our sales staff and their average compensation.

FINANCIAL INFORMATION

Administrative Expenses

Administrative expenses increased by 77.6% to RMB267.0 million in 2014 from RMB150.3 million in 2013, primarily due to our continued expansion into new markets in Shanghai and Hangzhou, which increased our administrative headcount and office-related expenses.

Finance Income - net

Finance income increased by 142.6% to RMB5.0 million in 2014 from RMB2.1 million in 2013. Our finance income in 2014 primarily includes interest income from our increased bank deposits as a result of an increase in restricted cash in relation to our financing activities.

Share of Profits of Investments Accounted for Using the Equity Method, net

Share of profits of investments accounted for using the equity method, net decreased by 25.7% to RMB240.7 million in 2014 from RMB324.2 million in 2013, primarily due to decreased profits of our main joint venture, Shiou Group, in 2014 as compared to 2013. Such decrease was primarily due to decreased GFA delivered in Riverside City project which was partially offset by profits from the Lan Hill project which commenced deliveries in 2014.

Profit before Income Tax

As a result of the foregoing factors, profit before income tax increased by 9.8% to RMB833.6 million in 2014 from RMB759.5 million in 2013.

Income Tax Expenses

Income tax expenses increased by 36.2% to RMB332.0 million in 2014 from RMB243.8 million in 2013. Specifically, EIT net of deferred income tax increased by 48.4% to RMB102.2 million in 2014 from RMB68.9 million in 2013, while LAT increased by 31.4% from RMB174.9 million in 2013 to RMB229.8 million in 2014. Our effective income tax rate in 2014 was 28.1%, compared to 26.4% in 2013. See the section headed “—Certain Consolidated Statements of Comprehensive Income Items—Income Tax Expenses” in this prospectus.

Profit for the Year

As a result of the foregoing factors, profit in 2014 decreased by 2.7% to RMB501.6 million from RMB515.7 million in 2013.

Profit Attributable to Owners of the Company

As a result of foregoing factors, profit attributable to owners of our Company decreased by 2.2% to RMB506.5 million in 2014 from RMB517.7 million in 2013.

FINANCIAL INFORMATION

Loss Attributable to Non-controlling Interests

Loss attributable to non-controlling interests increased to RMB4.9 million in 2014 from RMB2.0 million in 2013.

Year ended December 31, 2013 Compared to Year ended December 31, 2012

Revenue

Our revenue increased by 64.9% to RMB2,128.9 million in 2013 from RMB1,291.1 million in 2012. This increase was primarily due to an increase in GFA delivered in sales of properties from 104,956 sq.m. in 2012 to 163,879 sq.m. in 2013 and an increase in recognized ASP from sales of properties from RMB12,053 per sq.m. in 2012 to RMB12,664 per sq.m. in 2013. Our revenue in 2012 and 2013 was mainly derived from sales of properties in the David City project.

The increase in our recognized ASP for properties delivered in 2013 was primarily due to a general price rise in the PRC real estate market in 2013. The increase in our GFA delivered was primarily due to the expansion of our business and the resultant increase in saleable properties.

Cost of Sales

Our cost of sales increased by 40.4% to RMB1,374.2 million in 2013 from RMB978.6 million in 2012, generally in line with the increase in GFA delivered.

Gross Profit

As a result of the foregoing, our gross profit increase by 141.4% to RMB754.7 million in 2013 from RMB312.6 million in 2012. Our gross profit margin increased to 35.4% in 2013 from 24.2% in 2012 primarily due to increased recognized ASP in 2013.

Other Income

Other income increased by 108.2% to RMB3.4 million in 2013 from RMB1.6 million in 2012 as we received more income from the cash management products we purchased from certain PRC commercial banks.

Selling and Marketing Costs

Selling and marketing costs increased by 71.2% to RMB174.5 million in 2013 from RMB101.9 million in 2012, primarily due to an increase in advertisement expenses reflecting our increased sales activities, particularly the sales campaigns relating to the commencement of pre-sale of our Ocean City and The White House projects. By comparison, we had only three projects on pre-sale in 2012, including Lan Garden, David City and Lan County. The increase in selling and marketing costs was also attributable to an increase in staff cost, as we experienced an increase in both the headcount of our sales staff and their average compensation.

FINANCIAL INFORMATION

Administrative Expenses

Administrative expenses increased by 84.5% to RMB150.3 million in 2013 from RMB81.5 million in 2012, primarily due to our expanded business operations as a result of our acquisition of land parcels in Shanghai and Hangzhou, which increased our administrative headcount and office-related expenses in 2013.

Finance Income - Net

Finance income - net increased by 47.0% to RMB2.1 million in 2013 from RMB1.4 million in 2012.

Share of Profits of Investments Accounted for Using the Equity Method, net

Share of profits of investments accounted for using the equity method, net increased by 148.2% to RMB324.2 million in 2013 from RMB130.6 million in 2012. The increase was primarily due to increased profits of our main joint venture, Shiou Group, in 2013 as compared in 2012. Such increase was primarily due to increased GFA delivered in the Riverside City project.

Profit Before Income Tax

As a result of the foregoing factors, we made a profit before income tax of RMB759.5 million in 2013 as compared with a profit before income tax of RMB262.8 million in 2012.

Income Tax Expenses

Income tax expenses increased by 223.9% to RMB243.8 million in 2013 from RMB75.3 million in 2012. Specifically, EIT net of deferred income tax increased by 192.4% to RMB68.9 million in 2013 from RMB23.6 million in 2012, and LAT increased by 238.2% to RMB174.9 million in 2013 from RMB51.7 million in 2012, mainly due to increase in operating profit. As a result, our effective income tax rate in 2013 was 26.4%, compared to 29.3% in 2012.

Profit for the Year

As a result of the foregoing factors, profit for the year increased by 175.0% to RMB515.7 million in 2013 from RMB187.5 million in 2012.

Profit Attributable to Owners of the Company

As a result of the foregoing factors, we made a profit attributable to owners of the Company of RMB517.7 million in 2013 as compared with a profit of RMB187.5 million in 2012. We did not have non-controlling interests in 2012.

FINANCIAL INFORMATION

CERTAIN CONSOLIDATED BALANCE SHEET ITEMS

Properties under Development

As of December 31, 2012, 2013 and 2014 and June 30, 2015, our properties under development amounted to RMB3,699.8 million, RMB8,574.5 million, RMB14,907.1 million and RMB22,725.2 million, respectively. The following table sets forth the components of our properties under development as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	June 30,
				2015
	(RMB in thousands)			
Properties under development:				
- Construction costs	1,131,619	2,180,602	3,553,185	4,076,401
- Capitalized interests	283,141	635,299	1,773,126	2,728,013
- Land use rights	<u>2,285,074</u>	<u>5,758,572</u>	<u>9,580,802</u>	<u>15,920,788</u>
	<u>3,699,834</u>	<u>8,574,473</u>	<u>14,907,113</u>	<u>22,725,202</u>

Our properties under development increased during the Track Record Period due to the expansion of our property development activities. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had four, 11, 15 and 15 projects (excluding projects we jointly controlled with other property developers and the one project we operated with another property developer in which we have no control), respectively, under development.

Completed Properties Held for Sale

As of December 31, 2012, 2013 and 2014 and June 30, 2015, our completed properties held for sale (including properties pre-sold but not yet delivered) amounted to RMB1,149.9 million, RMB920.5 million, RMB866.4 million and RMB368.0 million, respectively, of which car parks

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accounted for RMB177.9 million, RMB143.7 million, RMB211.0 million and RMB190.6 million, respectively. The following table sets forth the components of our completed properties held for sale as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	June 30,
	(RMB in thousands)			2015
Completed properties held for sale:				
- Construction costs	733,054	616,395	417,901	247,616
- Capitalized interests	188,968	150,834	106,132	54,512
- Land use rights	227,903	153,306	342,390	65,838
	<u>1,149,925</u>	<u>920,535</u>	<u>866,423</u>	<u>367,966</u>

Trade and Other Receivables and Prepayments

Our trade and other receivables and prepayments comprise primarily trade receivables, bidding deposits for land use rights, deposits for construction contracts, receivable from a local government, prepaid business taxes and other taxes, prepayments for acquisition of land use rights, prepayments for investment in a joint venture and others. The table below sets forth a breakdown of our trade and other receivables and prepayments as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	June 30,
	(RMB in thousands)			2015
Trade receivables	—	8,527	4,164	3,528
Other receivables				
- Bidding deposits for land use rights ..	156,000	345,970	—	—
- Deposits for construction contracts ...	109,802	88,006	148,482	148,482
- Receivable from a local government .	186,627	176,627	66,627	66,627
- Others	30,978	14,764	41,994	48,571
	<u>483,407</u>	<u>625,367</u>	<u>257,103</u>	<u>263,680</u>
Prepayments				
- Prepaid business taxes and other taxes	158,347	212,224	334,821	383,390
- Prepayments for acquisition of land use rights	204,850	2,668,186	6,978,866	2,000,185
- Prepayments for investment in a joint venture	—	156,208	—	—
- Others	2,112	22,760	91,853	52,232
	<u>365,309</u>	<u>3,059,378</u>	<u>7,405,540</u>	<u>2,435,807</u>
	<u>848,716</u>	<u>3,693,272</u>	<u>7,666,807</u>	<u>2,703,015</u>

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	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Less: other receivables included in non-current assets	(82,000)	(2,896)	(2,691)	(2,691)
Total.....	<u>766,716</u>	<u>3,690,376</u>	<u>7,664,116</u>	<u>2,700,324</u>

Trade Receivables

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had trade receivables of nil, RMB8.5 million, RMB4.2 million and RMB3.5 million, respectively. We normally do not have trade receivables as we typically require purchasers of our properties to pay the purchase price in full before delivery. In 2013, 2014 and the six months ended June 30, 2015, we had a small amount of trade receivables because we had a number of instances where the GFA of the properties we delivered to purchasers was greater than originally planned. See the section headed “Risk Factors—Risks Relating to Our Business—We are exposed to contractual and legal risks related to pre-sales, which could have a material adverse effect on our business, financial condition and result of operations” in this prospectus. Such minor discrepancy was contemplated in the relevant property purchase agreements we had entered into with the purchasers, and the purchasers were obligated under the agreements to make additional payments to us to account for the additional GFA.

The following is an aging analysis of our trade receivables as of the dates indicated:

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Within 90 days.....	—	5,842	—	—
Over 90 days and within 365 days	—	2,685	2,339	—
Over 365 days	—	—	1,825	3,528
	<u>—</u>	<u>8,527</u>	<u>4,164</u>	<u>3,528</u>

Our trade receivable turnover days were 1.5 days, 0.4 day and 0.3 day in 2013, 2014 and the six months ended June 30, 2015, respectively. We calculate the trade receivables turnover days based on the ending balance of trade receivables divided by revenue for the relevant period multiplied by the number of days in the relevant period.

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Other Receivables

Bidding Deposits for Land Use Rights. As of December 31, 2012 and 2013, we had bidding deposits for land use rights of RMB156.0 million and RMB346.0 million, respectively. Such deposits represent refundable payments we made to local PRC governments in connection with bids for land parcels.

The table below sets out a breakdown of such deposits by project as of the dates indicated:

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Land Parcel				
The White House	156,000	—	—	—
Shanghai Huacao Lot I, Lot IV and a lot in Qingpu District, Shanghai ⁽¹⁾	—	345,970	—	—
	<u>156,000</u>	<u>345,970</u>	<u>—</u>	<u>—</u>

Note:

⁽¹⁾ We did not win the bid for this land parcel and the relevant deposit was fully refunded.

Deposits for Construction Contracts. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had deposits for construction contracts of RMB109.8 million, RMB88.0 million, RMB148.5 million and RMB148.5 million, respectively. Such deposits represented deposits we made for construction contracts of resettlement housing. The balances as of December 31, 2012 and 2013 reflect the deposit for the Lan County project, which has been fully repaid. The balances as of December 31, 2014 and June 30, 2015 were associated with the Hangzhou Mansion, Imperial Villa, Future City and The Coast projects. See the sections headed “Business—Construction of Resettlement Housing” and “Financial Information—Certain Consolidated Statements of Comprehensive Income Items—Construction Contracts” in this prospectus.

Receivable from a Local Government. On October 26, 2010, we entered into a framework agreement with the government of Xiangcheng district in Zhangzhou, Fujian province, with respect to the construction of a road in the district and early-stage development of certain parcels of land abutting the planned new road to ready them for future government-sponsored land auctions for commercial development. Pursuant to the framework agreement, our primary responsibilities include constructing the central part of the road and funding land condemnation and resettlement-related costs with respect to both the land underlying the road and the abutting land parcels planned for future commercial use, and the district government’s primary responsibilities include constructing the peripheral parts of, and public utility infrastructure under, the road and conducting land condemnation and resettlement-related activities. As consideration for our services, pursuant to the framework

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agreement, we are entitled to repayment of investments incurred by us plus a management fee calculated as a percentage of our investment actually made and, once the abutting commercial land parcels are sold at government-sponsored land auctions, a share of the land premiums according to pre-defined formulae. We are obligated under the framework agreement to participate in such land auctions and may apply to the government to re-designate costs incurred by us in early-stage land preparation as the required deposit for bidding in such land auctions, and, in the event there are no other bidders, we are obligated to acquire the relevant land use rights at a bottom premium. We had provided a first installment of our investment in the project of RMB180.0 million on October 15, 2010. We also paid a deposit under the framework agreement as commitment to the project. On March 22, 2011, we provided a second installment of investment in the project of RMB30.0 million, bringing our total investments to RMB210.0 million.

We could not, however, agree on certain commercial terms with the Xiangcheng district government and entered into a termination agreement with the Xiangcheng district government on December 12, 2012 to terminate the cooperation. Pursuant to the termination agreement, the Xiangcheng district government is obligated to repay us a total amount of RMB186.6 million, reflecting unrepaid investment principal, deposit, accrued interest and costs and expenses incurred by us. Through 2013 and 2014, we received repayment from the Xiangcheng district government in seven installments, in an aggregate amount of RMB120.0 million. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we recorded receivables from the Xiangcheng district government in the amount of RMB186.6 million, RMB176.6 million, RMB66.6 million and RMB66.6 million, respectively.

We believe that the Xiangcheng district government will settle the remaining amount due to us given the repayment history so far and because we believe that the district government, as a political sub-division of the PRC government, is creditworthy. FenXun Partners, our PRC legal advisors, have advised us that we have a legally valid right to, and the Xiangcheng district government has a legally binding obligation toward, such debt. We currently expect the remaining amount to be settled by December 2015 based on our communications with the Xiangcheng district government.

Others. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had other receivables of RMB31.0 million, RMB14.8 million, RMB42.0 million and RMB48.6 million, respectively. Such other receivables primarily represented petty cash advances to employees, various deposits we paid in relation to construction works and consideration receivable in relation to two subsidiaries we disposed of in 2014.

Prepayments

Prepaid Business Taxes and Other Taxes. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had prepaid business taxes and other taxes of RMB158.3 million, RMB212.2 million, RMB334.8 million and RMB383.4 million, respectively. The increase in our prepaid business taxes and other taxes during the Track Record Period was in line with the increase in our pre-sales.

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Prepayments for Acquisition of Land Use Rights. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had prepayments for acquisition of land use rights of RMB204.9 million, RMB2,668.2 million, RMB6,978.9 million and RMB2,000.2 million, respectively. Such prepayments represent non-refundable payments we made to local PRC governments after we had won bids for land parcels and before the relevant land grant contracts were signed.

The table below sets out a breakdown of such prepayments by project as of the dates indicated.

	As of December 31,			As of
	2012	2013	2014	June 30,
	(RMB in thousands)			2015
Project				
Lan County	—	—	—	—
The Coast	—	387,076	—	—
Future City	—	180,000	—	—
Blue Peacock	—	1,730,100	2,200,000	—
Hangzhou Mansion.....	—	—	2,369,059	—
The Twin Harbor City	—	—	911,284	911,284
College City and Zhangzhou				
Harbor B8 Lot	—	371,010	848,523	438,901
The Long Island.....	—	—	650,000	650,000
Pingtian David City	204,850	—	—	—
	<u>204,850</u>	<u>2,668,186</u>	<u>6,978,866</u>	<u>2,000,185</u>

Others. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had other prepayments of RMB2.1 million, RMB22.8 million, RMB91.9 million and RMB52.2 million, respectively. Such other prepayments primarily represented prepaid interest and costs related to this Global Offering.

Prepayments for Investment in a Joint Venture. As of December 31, 2013, we had a balance of prepayments to Xiamen Haitou Property Co., Ltd. (“Xiamen Haitou”), an independent third party, in the amount of RMB156.2 million in relation to the Imperial Land project. Xiamen Haitou had obtained the relevant land use rights, and we advanced the relevant funds to Xiamen Haitou towards the land premium. Subsequently, we and Xiamen Haitou formed Hairong Zhangzhou Property, a 50%-50% joint venture, and Xiamen Haitou injected the Imperial Land project into the joint venture. As a result, the receivables were accounted for as amounts due from Hairong Zhangzhou Property. See the section headed “—Amounts Due from Related Parties—Amounts Due from Joint Ventures.”

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Trade and Other Payables

We had trade and other payables in the amount of RMB587.9 million, RMB640.6 million, RMB1,277.3 million and RMB1,395.9 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively. Our trade and other payables comprise primarily trade payables, bills payable, other taxes payable, accrued payroll, interest payable, deposit received for sales of property, deposits from constructors and suppliers and others. The table below sets forth a breakdown of our trade and other payables as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	June 30,
	(RMB in thousands)			2015
Trade payables	468,763	488,500	776,592	902,611
Bills payable	10,486	20,500	112,000	72,000
Other taxes payable	1,883	4,497	3,943	10,408
Accrued payroll	16,114	29,319	56,615	32,636
Interest payable.....	4,203	19,088	87,632	93,835
Deposit received for sales of property..	2,188	17,473	117,369	111,794
Deposits from contractors and suppliers.....	6,495	32,154	78,658	93,037
Others.....	77,730	29,057	44,508	79,619
	<u>587,862</u>	<u>640,588</u>	<u>1,277,317</u>	<u>1,395,940</u>

Trade Payables

Trade payables comprise primarily construction cost payables to external contractors and payables to material suppliers. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had trade payables of RMB468.8 million, RMB488.5 million, RMB776.6 million and RMB902.6 million, respectively. Our trade payables increased as we expanded our land reserves and increased development activities.

The table below sets forth an aging analysis of our trade payables as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	June 30,
	(RMB in thousands)			2015
Within 90 days.....	146,943	134,291	352,101	226,752
Over 90 days and within 365 days	96,158	127,974	156,574	437,265
Over 365 days	<u>225,662</u>	<u>226,235</u>	<u>267,917</u>	<u>238,594</u>
	<u>468,763</u>	<u>488,500</u>	<u>776,592</u>	<u>902,611</u>

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Our trade payables turnover days were 174.8 days, 129.7 days, 95.8 days and 109.4 days in 2012, 2013, 2014 and the six months ended June 30, 2015, respectively. We calculate the trade payable turnover days based on the ending balance of trade payables divided by cost of sales for the relevant period multiplied by the number of days in the relevant year/period. Most of our trade payables during the Track Record Period were due to construction contractors. The trade payable turnover days were relatively long as our contractors are typically paid according to milestones in construction. Typically, 80% of a contract price is paid to our contractor during the construction period according to pre-agreed milestones, 15%-17% is paid at the completion of construction and 3%-5% is paid at the end of the warranty period, which ranges from one year to five years. Our trade payable turnover days were longer in 2012, primarily due to the relatively small amount of cost of sales, as we delivered relatively few properties in that year.

Bills Payable

Bills payable comprises primarily construction cost payables to external contractors and payables to material suppliers. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had bills payables of RMB10.5 million, RMB20.5 million, RMB112.0 million and RMB72.0 million, respectively. Our bills payables increased as we expanded our land reserves and increased development activities.

Interest Payable

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had interest payable of RMB4.2 million, RMB19.1 million, RMB87.6 million and RMB93.8 million, respectively. The increase in our interest payables were in line with our increased borrowings that we incurred to support the expansion of our business operations. Our interest payables as of December 31, 2014 and June 30, 2015 were relatively high primarily due to our increased balance of trust and other borrowings and higher average interest rate.

Deposit Received for Sales of Properties

Deposit received from sales of properties normally represents deposits we received from potential customers who expressed an interest in purchasing properties developed by us. With respect to such individual customers, such deposit amounts will be moved under “advances received from pre-sales of properties” on our balance sheet once pre-sale contracts are entered into. As of December 31, 2012, 2013 and 2014 and June 30, 2015, our deposit received from sales of properties amounted to RMB2.2 million, RMB17.5 million, RMB117.4 million and RMB111.8 million, respectively. The balance of such deposits was substantially higher as of December 31, 2014 and June 30, 2015 as compared with earlier dates, primarily due to an arrangement we entered into in 2014 in relation to a government-sponsored program.

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In 2014, we entered into two agreements with certain entities associated with a local land reserve center in Cangshan district, Fuzhou, an entity authorized by the local government in charge of resettlement, for the purchase of a certain agreed number of units in The White House project by the individuals entitled to resettlement benefits from the government. Under the agreement, we received a deposit from the local land reserve center, calculated as a percentage of the total purchase price of the agreed number of units based on an agreed unit selling price. In exchange, we would be obligated to sell such units only to qualified individuals within the one-year agreement term. Once a unit is sold, we will refund the relevant portion of the deposit to the local land reserve center, without interest. The local land reserve center may also choose to buy out any unsold units, in which event the relevant deposit would count toward the full purchase price, or release the unsold units, in which event we will similarly refund the relevant portion of the deposit to the local land reserve center, without interest, but be free to sell the relevant units to any other purchaser. As of December 31, 2014 and June 30, 2015, the balance for such deposit from the land reserve center was RMB101.3 million and RMB101.3 million, respectively, (we had not refunded any amount of such deposit to the land reserve center by agreement with the land reserve center as we had entered into sales contracts with respect to only a de minimus amount of such units of property) and the balance of deposits from individuals with respect to properties developed by us in general was RMB16.1 million and RMB10.5 million, respectively.

Deposits from Contractors and Suppliers

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had other payables of RMB6.5 million, RMB32.2 million, RMB78.7 million and RMB93.0 million, respectively. Such other payables primarily represented certain deposits we received from our contractors and suppliers for contract performance and bidding process and provisions we made for certain land related taxes.

Others

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had other payables of RMB77.7 million, RMB29.1 million, RMB44.5 million and RMB79.6 million, respectively. Such other payables primarily represented certain adjusted advertising fees payable.

Amounts Due from Related Parties

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had amounts due from related parties of RMB950.8 million, RMB3,324.4 million, RMB2,713.1 million and RMB2,014.3 million, respectively, with details as follows:

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Amounts Due from Joint Ventures

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had amounts due from joint ventures of RMB794.6 million, RMB3,143.4 million, RMB2,521.1 million and RMB1,936.8 million, respectively. The table below sets out a breakdown of such amounts as of the dates indicated:

	As of December 31,			As of
	2012	2013	2014	June 30,
				2015
	(RMB in thousands)			
Amounts due from joint ventures:				
- Shanghai Kaitai	—	1,747,286	1,390,787	1,390,787
- Shanghai Kaidai	—	1,276,089	267,589	37,589
- Liboshuntai Property	225,900	120,000	—	—
- Shiou Group.....	568,727	—	—	—
- Hairong Zhangzhou Property	—	—	272,104	159,586
- Shanghai Kairi	—	—	59,442	25,086
- Shanghai Kaichang	—	—	239,769	239,769
- Shanghai Kaiyu	—	—	207,407	—
- Shanghai Kaichong	—	—	83,984	83,984
	<u>794,627</u>	<u>3,143,375</u>	<u>2,521,082</u>	<u>1,936,801</u>

In each case, we and our joint venture partner provided interest-free funds to the relevant project company in proportion to equity interests held in order to finance land acquisition and as working capital. Such advances are distinct from, and additional to, the initial capital contributions that the partners had injected into the relevant project company. The relevant joint venture agreements typically require that, before the joint venture companies become capable of obtaining financing on their own, when such joint venture companies experience a shortfall in financing for such land acquisition and working capital purposes, the joint venture partners shall agree to provide funds to the joint venture companies proportionally to support their operations. In the PRC, a property development company typically becomes eligible for development loans from commercial banks once it has obtained the relevant land use rights certificates. Therefore, in the early stages when a project company is formed to acquire land and undertakes preparations for development activities, bank financing is typically not available and a shortfall will emerge. In the context of our joint ventures, when the initial capital contributions from the joint venture partners are insufficient to meet expenditure needs, the joint venture companies will need funding from the partners. It is under these circumstances that we and our joint venture partners provided such interest-free cash advances proportional to our respective shares of equity interest in the joint ventures in accordance with the joint venture agreements. With respect to each such joint venture company, we typically provided such additional funding in the first year of its operations when it typically needs to incur substantial expenditures for land premium payments and other early-stage expenses. Once the project company obtains external borrowings or commences pre-sale and generates cash flow, it will repay the amounts due to us and our joint venture partner on demand.

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Amounts Due from an Associated Company

As of December 31, 2013 and 2014 and June 30, 2015, we had amounts due from an associated company, Zhangzhou City Wankebinjiang Property Co., Ltd., of RMB181.0 million, RMB192.1 million and RMB77.5 million, respectively. Similar to the background provided above with respect to our joint ventures, we provided funds to this associated company to fund land acquisition and as working capital. Once such associated company obtains external borrowings or commences pre-sale and generates cash flow, it will repay all amounts due to its shareholders, including us, on demand.

We entered into an agreement on December 25, 2015 to transfer our rights over such advances to a trust company on a non-recourse basis, in which the remaining balance of our advances to the joint ventures and associated company will be settled in full before Listing. Such trust company is a state-owned non-bank financial institution accredited by the CBRC and holds a requisite Financial Business License (金融許可證) to engage in such arrangement. The consideration we will receive from the trust company will reflect a four percent discount over the amount transferred, which we will record as finance cost. We estimate that we will incur approximately RMB75.0 million in finance cost from such arrangement. According to our PRC legal advisors, FenXun Partners, such transfer arrangement (a) will comply with the relevant rules and regulations in the PRC because it will constitute a normal transfer of creditor's rights permitted under the PRC contract law and the trust company holds a requisite Financial Business License (金融許可證) which will enable it to engage in such arrangement lawfully; (b) will not adversely affect the legality of the existing joint venture agreements and our construction projects because it will not result in any modification, rescission, termination, expiry or invalidity of the existing joint venture agreements or any change of status of our construction projects; (c) will not require consent from but will merely require a notice (which we will promptly give after the execution of such transfer arrangement) to the relevant joint ventures and the associated company according to PRC contract law (the relevant contracts are silent on this point); (d) will not contravene our obligations to provide funding in proportion to our equity interest in such joint ventures and associated company because it will not adversely affect the joint ventures and associated company's utilization of such funding; and (e) will not adversely affect our share of future profits from such joint ventures and associated company because there is no such restriction stipulated in existing joint venture agreements or articles of association or PRC company law.

Amounts Due from Other Related Parties

As of December 31, 2012, we had amounts due from other related parties of RMB156.2 million. The table below sets out a breakdown of such amounts:

	As of December 31,			As of
	2012	2013	2014	June 30,
				2015
	(RMB in thousands)			
Amounts due from other related parties				
- Mr. Ou	60,036	—	—	—
- Ou Guopeng	96,160	—	—	—
	<u>156,196</u>	<u>—</u>	<u>—</u>	<u>—</u>

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We provided interest-free cash advances to Mr. Ou and Mr. Ou Guopeng, which were repayable on demand. All such balances have been settled.

Amounts Due from Customers for Contract Works

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had amounts due from customers for contract works of RMB21.8 million, RMB63.1 million, RMB114.6 million and RMB136.7 million, respectively. All of such amounts related to our development of resettlement housing units according to contracts with the Gulou district government in Fuzhou in relation to our Lan County project, with the Jin'an district government in Fuzhou in relation to our The Coast project and with the local government in Hangzhou in relation the Hangzhou Mansion project. The table below sets out a breakdown of such amounts as of the dates indicated:

As of December 31,			As of
2012	2013	2014	June 30,
			2015
(RMB in thousands)			

Contracts in progress at the end of the year

Contract costs incurred plus				
recognized profits	28,233	81,692	184,736	217,619
Less: progress billings	(6,430)	(18,606)	(70,109)	(80,944)
	<u>21,803</u>	<u>63,086</u>	<u>114,627</u>	<u>136,675</u>

Amounts Due to Related Parties

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had amounts due to related parties of RMB857.8 million, RMB1,871.3 million, RMB3,207.6 million and RMB1,734.8 million, respectively, with details as follows:

Amounts Due to Joint Ventures

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had amounts due to joint ventures of RMB143.2 million, RMB1,130.3 million, RMB1,683.8 million and RMB1,622.8 million, respectively. The table below sets out a breakdown of such amounts as of the dates indicated:

As of December 31,			As of
2012	2013	2014	June 30,
			2015
(RMB in thousands)			

Amounts due to joint ventures:

- Shiou Group	143,200	1,130,273	1,448,773	1,335,773
- Liboshuntai Property	—	—	235,000	287,000
	<u>143,200</u>	<u>1,130,273</u>	<u>1,683,773</u>	<u>1,622,773</u>

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The amounts represent interest-free advances we received from these joint ventures which we used for our own project development or working capital use. Such advances were not mandatory and typically permitted by the relevant joint venture agreements. In the first case, the joint venture agreement provides that, with each other's consent and on a proportional basis, a joint venture partner may receive an advance from the joint venture if the joint venture has sufficient working capital. In the second case, the joint venture agreement provides that the joint venture partners may receive advances on a proportional basis if the joint venture has idle funds unused for over a month. Such advances were repayable to the joint ventures on demand, and such demand would necessarily be subject to agreement between us and the relevant joint venture partners.

With respect to certain of our other joint ventures, the relevant joint venture agreements require that excess funds over certain thresholds be advanced to the partners to the extent not detrimental to the joint ventures' operations and compliant with relevant internal financial transaction rules. These joint ventures, however, had not met the thresholds and had not made advances to us during the Track Record Period.

Our balance due to joint ventures will be settled by internal resources (including cash at hand, funds generated from operations, settlement of our advances to joint ventures and associated company and others) before Listing.

Amounts Due to Other Related Parties

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had amounts due to other related parties of RMB714.6 million, RMB741.1 million, RMB1,523.8 million and RMB112.1 million, respectively. The table below sets out a breakdown of such amounts as of the date indicated:

	As of December 31,			As of
	2012	2013	2014	June 30,
				2015
	(RMB in thousands)			
Amounts due to other related parties:				
- Dingcheng Investment	713,153	702,287	888,251	—
- Rongxin (Fujian) Property Management Co., Ltd	1,419	1,583	8,541	14,631
- Mr. Ou	—	37,185	627,057	97,433
	<u>714,572</u>	<u>741,055</u>	<u>1,523,849</u>	<u>112,064</u>

Amounts due to Rongxin (Fujian) Property Management Co., Ltd. were incurred in connection with property management services we received from it during the Track Record Period. We expect such transactions to continue after Listing. See the section headed "Connected Transactions—(C) Non-exempt Continuing Connected Transactions—1. Management Services Agreement" in this prospectus.

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During the Track Record Period, we received interest-free cash advances from Mr. Ou and Dingcheng Investment, which were repayable on demand. As of June 30, 2015, we had an outstanding amount of RMB97.4 million due to Mr. Ou. We will settle this balance using funds generated from operations before Listing.

Pre-sale Proceeds Received from Customers

As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had pre-sale proceeds received from customers of RMB3,260.4 million, RMB6,088.3 million, RMB8,100.0 million and RMB9,343.8 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

The following table presents selected cash flow data from our consolidated statements of cash flows for the periods indicated.

	For the year ended December 31,			For the six months ended June 30,	
	2012	2013	2014	2014	2015
	(unaudited)				
	(RMB in thousands)				
Net cash (used in)/generated from operating activities.....	(156,892)	(3,704,283)	(6,343,547)	(3,993,271)	160,316
Net cash (used in)/generated from investing activities	(506,901)	(2,797,041)	(1,031,568)	(282,085)	268,633
Net cash generated from/(used in) financing activities.....	<u>671,119</u>	<u>7,073,475</u>	<u>7,336,662</u>	<u>4,067,546</u>	<u>(242,820)</u>
Net increase/(decrease) in cash and cash equivalents.....	7,326	572,151	(38,453)	(207,810)	186,129
Cash and cash equivalents at beginning of the year/period .	<u>116,613</u>	<u>123,939</u>	<u>696,090</u>	<u>696,090</u>	<u>657,637</u>
Cash and cash equivalents at end of the year/period	<u>123,939</u>	<u>696,090</u>	<u>657,637</u>	<u>488,280</u>	<u>843,766</u>

Net Cash (Used in)/Generated from Operating Activities

Our cash used in operations principally comprises payments for land acquisitions and our property development activities. Our cash generated from operations is principally from proceeds received from pre-sales and sales of our properties.

FINANCIAL INFORMATION

For the six months ended June 30, 2015, our net cash generated from operating activities was RMB160.3 million, attributable to cash generated from operations of RMB414.8 million, LAT paid of RMB198.5 million and EIT paid of RMB56.0 million. Our cash generated from operations prior to changes in working capital was RMB347.5 million. Changes in working capital contributed to a net cash inflow of RMB67.3 million, comprising primarily an increase in pre-sale proceeds received from customers of RMB1,174.1 million due to an increase in sales of our properties, partially offset by an increase in properties under development and completed properties held for sale of RMB1,088.7 million due to our expanded development scale.

In 2014, our net cash used in operating activities was RMB6,343.5 million, attributable to cash used in operations of RMB5,885.6 million, LAT paid of RMB311.8 million and EIT paid of RMB146.2 million. Our cash generated from operations prior to changes in working capital was RMB600.9 million. Changes in working capital contributed to a net cash outflow of RMB6,486.5 million, comprising primarily an increase in properties under development and completed properties held for sale of RMB8,045.5 million due to our expanded development scale, partially offset by (i) an increase in pre-sale proceeds received from customers of RMB1,298.1 million due to our increased pre-sale receipts and (ii) a decrease in trade and other receivables of RMB321.1 million due to refund of the bidding deposit for acquisition.

In 2013, our net cash used in operating activities was RMB3,704.3 million, attributable to cash used in operations of RMB3,502.2 million, LAT paid of RMB117.3 million and EIT paid of RMB84.9 million. Our cash generated from operations prior to changes in working capital was RMB441.9 million. Changes in working capital contributed to a net cash outflow of RMB3,944.0 million, comprising primarily (i) an increase in properties under development and completed properties held for sale of RMB6,540.6 million due to our expanded development scale; and (ii) an increase in trade and other receivables of RMB191.8 million due to the increased deposits for acquisition of land use rights, partially offset by increase of pre-sale proceeds received from customers of RMB2,840.1 million due to the increased pre-sale receipts.

In 2012, our net cash used in operating activities was RMB156.9 million, attributable to cash used in operations of RMB39.0 million, LAT paid of RMB85.3 million and EIT paid of RMB32.5 million. Our cash generated from operations prior to changes in working capital was RMB136.0 million. Changes in working capital contributed to a net cash outflow of RMB175.0 million, comprising primarily (i) an increase in properties under development and completed properties held for sale of RMB905.8 million due to our expanded development scale; and (ii) an increase in trade and other receivables of RMB306.0 million due to the increased deposits for acquisition of land use rights and payment of deposits for construction contracts, partially offset by an increase of pre-sale proceeds received from customers of RMB1,064.1 million due to the increased pre-sale receipts.

Net Cash (Used in)/Generated from Investing Activities

Our cash used in investing activities primarily reflects capital injection in joint ventures, cash advances to related parties and payments for purchase of property and equipment (referring to construction in progress related to our investment properties) and payments for purchase of land use rights of properties for own use (referring to land use rights related to our investment properties). Our cash generated from investing activities primarily reflects repayments from related parties.

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For the six months ended June 30, 2015, our net cash generated from investing activities was RMB268.6 million, which primarily represented repayments from related parties of RMB698.9 million, partially offset by (i) capital injection to joint ventures of RMB243.5 million and (ii) payments for purchase of property and equipment of RMB167.5 million.

In 2014, our net cash used in investing activities was RMB1,031.6 million, which primarily represented (i) capital injection to joint ventures of RMB1,407.5 million, (ii) cash advances to related parties of RMB717.6 million and (iii) payments for purchase of property and equipment of RMB290.8 million, partially offset by repayments from related parties of RMB1,485.0 million.

In 2013, our net cash used in investing activities was RMB2,797.0 million, which primarily represented (i) cash advances to related parties of RMB3,204.4 million, (ii) payments for purchase of land use rights for own use of RMB190.7 million and (iii) prepayment for investment in a joint venture of RMB156.2 million, partially offset by repayments from related parties of RMB830.8 million.

In 2012, our net cash used in investing activities was RMB506.9 million, which primarily represented (i) cash advances to related parties of RMB382.1 million and (ii) payments for purchase of land use rights for own use of RMB327.3 million, partially offset by repayments from related parties of RMB228.5 million.

Net Cash Generated from/(used in) Financing Activities

Our cash generated from financing activities are mainly from proceeds from other borrowings and cash advances from related parties. Our cash used in financing activities mainly reflects interest paid, repayment of borrowings and repayments to related parties.

For the six months ended June 30, 2015, our net cash used in financing activities was RMB242.8 million, which was primarily attributable to (i) repayments of borrowings of RMB6,597.9 million; (ii) repayments to related parties of RMB1,530.9 million, (iii) interest paid of RMB1,047.7 million and (iv) restricted cash pledged for bank borrowings of RMB866.4 million, partially offset by (i) proceeds from borrowings of RMB7,581.7 million, (ii) capital injection from non-controlling interests of RMB1,342.6 million and (iii) restricted cash released of RMB1,161.7 million.

In 2014, our net cash generated from financing activities was RMB7,336.7 million, which was primarily attributable to (i) proceeds from borrowings of RMB14,075.0 million and (ii) cash advances from related parties of RMB811.2 million, partially offset by (i) repayment of borrowings of RMB5,288.3 million and (ii) interest paid of RMB1,506.1 million.

In 2013, our net cash generated from financing activities was RMB7,073.5 million, which was primarily attributable to (i) proceeds from borrowings of RMB7,759.0 million and (ii) cash advances from related parties of RMB1,448.1 million, partially offset by (i) repayment of borrowings of RMB1,148.0 million, (ii) repayments to related parties of RMB434.7 million and (iii) interest paid of RMB567.0 million.

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In 2012, our net cash generated from financing activities was RMB671.1 million, which was primarily attributable to (i) cash advances from related parties of RMB1,787.7 million and (ii) proceeds from borrowings of RMB1,355.0 million, partially offset by (i) repayment of borrowings of RMB1,330.3 million, (ii) repayments to related parties of RMB828.8 million and (iii) interest paid of RMB312.7 million.

Net Current Assets

The following table sets out a breakdown of our net current assets as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2012	2013	2014	2015	2015*
	(unaudited)				
	(RMB in thousands)				
Current assets:					
Properties under development ..	3,699,834	8,574,473	14,907,113	22,725,202	22,994,299
Completed properties held for sale	1,149,925	920,535	866,423	367,966	1,894,863
Trade and other receivables and prepayments	766,716	3,690,376	7,664,116	2,700,324	1,744,569
Amounts due from related parties	950,823	3,324,359	2,713,147	2,014,266	2,504,363
Amounts due from customers for contract works	21,803	63,086	114,627	136,675	143,272
Prepaid taxation	95,053	145,660	390,218	383,198	506,824
Available-for-sale financial assets	16,000	9,000	20,000	—	47,000
Term deposit over 90 days	—	5,500	—	—	—
Restricted cash	13,526	14,505	741,736	414,945	130,549
Cash and cash equivalents	123,939	696,090	657,637	843,766	1,566,461
	<u>6,837,619</u>	<u>17,443,584</u>	<u>28,075,017</u>	<u>29,586,342</u>	<u>31,532,200</u>
Current liabilities:					
Trade and other payables	587,862	640,588	1,277,317	1,395,940	1,489,682
Amounts due to related parties	857,772	1,871,328	3,207,622	1,734,837	1,380,929
Dividend payable	—	—	338,000	—	—
Pre-sale proceeds received from customers	3,260,385	6,088,312	8,099,997	9,343,791	13,177,216
Current income tax liabilities ..	—	143,316	323,979	271,868	225,263
Borrowings	1,151,000	3,486,340	6,259,200	9,019,450	11,246,850
	<u>5,857,019</u>	<u>12,229,884</u>	<u>19,506,115</u>	<u>21,765,886</u>	<u>27,519,940</u>
Net current assets	<u>980,600</u>	<u>5,213,700</u>	<u>8,568,902</u>	<u>7,820,456</u>	<u>4,012,260</u>

* Latest practicable date for liquidity disclosure purposes.

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The RMB4,233.1 million increase in net current assets to RMB5,213.7 million as of December 31, 2013 from RMB980.6 million as of December 31, 2012 was primarily attributable to a RMB4,874.6 million increase in properties under development, a RMB2,923.7 million increase in trade and other receivables and prepayments, a RMB2,373.5 million increase in amounts due from related parties and a RMB572.2 million increase in cash and cash equivalents, partially offset by a RMB2,827.9 million increase in pre-sale proceeds from customers, a RMB2,335.3 million increase in borrowings and a RMB1,013.6 million increase in amounts due to related parties. The RMB3,355.2 million increase in net current assets to RMB8,568.9 million as of December 31, 2014 from RMB5,213.7 million as of December 31, 2013 was primarily due to a RMB6,332.6 million increase in properties under development, a RMB3,973.7 million increase in trade and other receivables and prepayments and a RMB727.2 million increase in restricted cash, partially offset by a RMB2,011.7 million increase in pre-sale proceeds from customers, a RMB1,336.3 million increase in amounts due to related parties and a RMB636.7 million increase in trade and other payables. The RMB748.4 million decrease in net current assets to RMB7,820.5 million as of June 30, 2015 from RMB8,568.9 million as of December 31, 2014 was primarily attributable to a RMB4,963.8 million decrease in trade and other receivables and prepayments, a RMB2,760.3 million increase in borrowings and a RMB1,243.8 million increase in pre-sale proceeds received from customers, partially offset by a RMB7,818.1 million increase in properties under development and a RMB1,472.8 million decrease in amounts due to related parties.

Indebtedness

General

The following table sets forth the composition of our borrowings as of the date indicated:

	As of December 31,			As of June 30,	As of October 31,
	2012	2013	2014	2015	2015*
					(unaudited)
(RMB in thousands)					
Non-current:					
Bank borrowings - secured	1,861,000	1,473,000	1,945,000	2,182,000	1,602,000
Trust and other borrowings - secured.....	—	6,197,000	14,933,700	15,431,550	13,476,850
Less:					
Current portion of non-current borrowings	(1,151,000)	(2,684,300)	(5,879,100)	(8,390,350)	(9,681,850)
Total non-current loans and borrowings	<u>710,000</u>	<u>4,985,700</u>	<u>10,999,600</u>	<u>9,223,200</u>	<u>5,397,000</u>

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	As of December 31,			As of June 30,	As of October 31,
	2012	2013	2014	2015	2015*
					(unaudited)
(RMB in thousands)					
Current:					
Bank borrowings - secured	—	200,000	29,100	29,100	—
Current portion of non-current borrowings	1,151,000	2,684,300	5,879,100	8,390,350	9,681,850
Trust and other borrowings - secured	—	602,040	351,000	600,000	1,565,000
Total current loans and borrowings	<u>1,151,000</u>	<u>3,486,340</u>	<u>6,259,200</u>	<u>9,019,450</u>	<u>11,246,850</u>
Total loans and borrowings	<u>1,861,000</u>	<u>8,472,040</u>	<u>17,258,800</u>	<u>18,242,650</u>	<u>16,643,850</u>

* Latest practicable date for indebtedness purposes.

Our total outstanding bank borrowings amounted to RMB1,861.0 million, RMB1,673.0 million, RMB1,974.1 million and RMB2,211.1 million, as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively. Our total outstanding borrowings from other financial institutions, including trust financing companies, amounted to nil, RMB6,799.0 million, RMB15,284.7 million and RMB16,031.6 million, as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively. The increase in our bank borrowings and other borrowings during the Track Record Period was primarily due to the substantial expansion of our business operations, which in turn increased our financing requirements.

As of December 31, 2012, 2013, 2014 and June 30, 2015, all of our bank and other borrowings were secured by our Group's asset portfolio which includes properties held for sale, properties under development, land use rights, equity interests of certain subsidiaries, bank deposits and pre-sale proceeds receivable from customers. In addition to pledged asset portfolio, Mr. Ou also provided personal guarantee for the bank and other borrowings of RMB500.0 million, RMB5,063.0 million, RMB11,253.3 million and RMB11,959.4 million as of December 31, 2012, 2013 and 2014 and June 30, 2015, respectively. Mr. Ou's personal guarantees had been released before Listing.

Certain of our banking facilities contain a number of customary affirmative and/or negative covenants. For example, certain of our subsidiaries are prohibited from merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business, declaration of dividends and incurring further indebtedness without the prior consent of the relevant banks. Certain of our banking facilities also contain cross default provisions. However, our Directors do not expect that such covenants would materially restrict our Group's overall ability to undertake additional debt or equity financing necessary to carry out our current business plans. As advised by our PRC legal advisors, during the Track Record Period and up to the Latest Practicable

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Date, we had not defaulted on any obligation in any material respect under our credit facilities. Our Directors further confirm that, during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

For a discussion of restrictive covenants in our trust and other borrowings, see “—Trust and Other Borrowings” below.

The following table sets forth the repayment terms of our borrowings:

	As of December 31,			As of June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Within one year	1,151,000	3,486,340	6,259,200	9,019,450
After one year but within two years ...	—	1,945,700	7,052,100	9,044,200
After two years but within five years .	<u>710,000</u>	<u>3,040,000</u>	<u>3,947,500</u>	<u>179,000</u>
Total	<u><u>1,861,000</u></u>	<u><u>8,472,040</u></u>	<u><u>17,258,800</u></u>	<u><u>18,242,650</u></u>

The following table shows the weighted-average interest rates for our borrowings for the periods indicated:

	For the year ended December 31,			For the six months ended June 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Bank borrowings.....	8.03%	8.35%	7.48%	7.35%
Trust and other borrowings	<u>—</u>	<u>11.07%</u>	<u>11.31%</u>	<u>11.69%</u>
Total borrowings.....	<u><u>8.03%</u></u>	<u><u>10.53%</u></u>	<u><u>10.88%</u></u>	<u><u>11.16%</u></u>

As of the Latest Practicable Date, we had credit facilities of RMB20,380.9 million, of which RMB16,930.9 million were utilized and RMB3,450.0 million remained un-utilized. Our approved unutilized credit facilities are covered by legally binding and enforceable loan agreements which we have entered into with the banks and other financial institutions. Our Directors confirm that we will be able to utilize the un-utilized credit facilities by following customary procedures of the relevant lenders and fulfilling customary conditions precedent, including, for example, the development status of the relevant projects, the execution of ancillary or related documents and the absence of material adverse change in our business. Our Directors confirm that such procedures and conditions precedent are typical for financing in the PRC real estate industry and not overly burdensome in our case.

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Except as set forth in this prospectus and for the Global Offering, our Directors have confirmed that our Group currently has no material external debt financing in place and is not likely to raise any material external debt financing in the near future outside our ordinary course of business.

Trust and Other Borrowings

During the Track Record Period, we obtained borrowings from non-bank financial institutions, including trust companies, to fund some of our property development projects and other financing needs. Compared with traditional bank borrowings, trust and other borrowings typically offer us greater flexibility in terms of availability, drawdown schedule and repayment arrangements. Compared to the terms of traditional bank loans, terms of trust and other borrowings are generally more flexible and available in various structures to meet the different characteristics of our projects, such as the capital structure, risk-return profile and funding requirements. The following table sets forth selected information on such trust and other borrowings with reference to the relevant projects:

Item	Financial institution	Effective annual interest rate	Maturity date	Share of project company pledged*/transferred**	Veto rights to financial institution	Principal balance as of				
						December 31,			June 30,	October 31,
						2012	2013	2014	2015	2015
(RMB in thousands)										
David City										
1.	Xinjiang Great Wall Xinsheng Trust Co., Ltd.	12.35%	June 22, 2014	N/A	No	—	152,040	—	—	—
Pingtan David City										
2.	Hangzhou Industrial and Commerce Trust Co., Ltd.	15%	May 15, 2014	N/A	No	—	130,000	—	—	—
3.	China Jiantou Trust Co., Ltd.	15%-18% ⁽¹⁾	November 8, 2013	N/A	No	—	—	—	—	—
4.	National Trust Co., Ltd.	13.5%-14%	June 20, 2015	100% [*]	No	—	356,100	200,400	55,600	—
5.	Huatai Securities Company Limited	6.98%	March 27, 2015	N/A	No	—	200,000	200,000	—	—
The White House										
6.	Xiamen International Trust Co., Ltd.	9.125%	November 7, 2015	N/A	No	—	820,000	820,000	—	—
7.	China Minsheng Trust Co., Ltd.	12.50%	September 26, 2015	60% [*] 40% ^{**}	Yes ⁽⁴⁾	—	420,900	299,800	—	—
8.	Xiamen International Trust Co., Ltd.	10.045%	January 21, 2016	N/A	No	—	—	680,000	590,000	463,000
9.	Oriental Chuangfu No.2 (Shenzhen) LLP	12.2%	March 10, 2017	60% [*] 40% ^{**}	Yes ⁽⁴⁾	—	—	—	800,000	740,000

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Item	Financial institution	Effective annual interest rate	Maturity date	Share of project company pledged*/transferred**	Veto rights to financial institution	Principal balance as of				
						December 31,			June 30,	October 31,
						2012	2013	2014	2015	2015
(RMB in thousands)										
Lan County										
10.	Shenzhen Shangheng Dongxin Investment LLP	12%	April 11, 2015	51%* 49%**	Yes ⁽⁴⁾	—	500,000	—	—	—
The Coast										
11.	China Jiantou Trust Co., Ltd.	11.8%	January 27, 2016	66% ^{*(2)} 34%**	Yes ⁽⁴⁾	—	—	350,000	350,000	350,000
The Twin Harbor City										
12.	CEL Venture Capital (Shenzhen) Limited	16%	December 14, 2014	25%*	No	—	—	—	—	—
13.	Shenzhen Ping'An Dahua Huitong Wealth Management Co., Ltd.	10.95%	October 21, 2017	51%* 49%**	Yes ⁽⁴⁾	—	—	1,900,000	1,900,000	1,879,000
14.	Shenzhen Ping'An Dahua Huitong Wealth Management Co., Ltd.	10.95%	December 9, 2017	51%* 49%**	Yes ⁽⁴⁾	—	—	1,500,000	1,184,750	854,750
The Long Island										
15.	Tianhong Innovative Asset Management Co., Ltd.	13.5%-18%	November 2, 2016	30%* 70%**	No	—	—	350,000	350,000	—
Ocean City										
16.	China Zhongtuo Trust Co., Ltd.	14%	October 21, 2014	66%* 34%**	No	—	500,000	—	—	—
17.	Shanghai Goldstate Brilliance Asset Management Co Ltd.	13.2%	July 13, 2016	51%* 49%**	Yes ⁽⁴⁾	—	—	800,000	800,000	560,000
18.	Industrial Securities Co., Ltd.	10%	May 29, 2016	N/A	No	—	1,500,000	970,000	750,000	550,000
Lan Garden										
19.	China Jiantou Trust Co., Ltd.	15%	March 5, 2014	N/A	No	—	320,000	—	—	—

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Item	Financial institution	Effective annual interest rate	Maturity date	Share of project company pledged*/transferred**	Veto rights to financial institution	Principal balance as of				
						December 31,			June 30,	October 31,
						2012	2013	2014	2015	2015
(RMB in thousands)										
College City and Zhangzhou Harbor B8 Lot										
20.	Zhong Rong International Trust Co., Ltd.	13.5%	September 3, 2016	51%* 49%**	Yes ⁽⁴⁾	—	—	418,200	600,000	328,900
Festival City										
21.	Zhong Rong International Trust Co., Ltd.	13.5%	July 15, 2016	51%* 49%**	Yes ⁽⁴⁾	—	—	102,200	102,200	102,200
Blue Peacock										
22.	China Resource Sztic Trust Co., Ltd.	11%	December 17, 2016	51%* 49%**	Yes ⁽⁴⁾	—	1,000,000	1,600,000	—	—
23.	Wanxiang Trust Co., Ltd.	8.9%	October 29, 2016	N/A	No	—	—	600,000	600,000	550,000
24.	Tianhong Innovative Asset Management Co., Ltd.	13.00%	April 2, 2017	10%* 90%**	Yes ⁽⁴⁾	—	—	—	1,999,000	1,849,000
Hangzhou Mansion										
25.	Hangzhou Industrial and Commerce Trust Co., Ltd.	12.8%	October 20, 2016	40%***	No	—	—	1,103,100	—	—
26.	CEL Venture Capital (Shenzhen) Limited	16.0%	April 29, 2015	25%*	No	—	—	—	—	—
27.	Ping An Trust Investment Co., Ltd.	12.00%	April 21, 2017	100%*	Yes ⁽⁴⁾	—	—	—	2,400,000	2,200,000
Imperial Villa										
28.	Chang'An Fortune Asset Management Co., Ltd.	9.1%	March 24, 2016	N/A	No	—	—	1,300,000	1,300,000	1,300,000
29.	Chang'An Fortune Asset Management Co., Ltd.	9.1%	December 30, 2015	N/A	No	—	—	200,000	200,000	—
30.	Beijing Dongfu Baoshi Investment Management Center LLP	7.2%	August 27, 2015	N/A	No	—	900,000	540,000	450,000	—

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Item	Financial institution	Effective annual interest rate	Maturity date	Share of project company pledged*/transferred**	Veto rights to financial institution	Principal balance as of				
						December 31,			June 30,	October 31,
						2012	2013	2014	2015	2015
(RMB in thousands)										
Shanghai Xujing Project										
31.	Shanghai Linyi Investment LLP	9%	January 15, 2016	50%*	No	—	—	1,000,000	1,000,000	1,000,000
Others ⁽³⁾										
32.	Industrial Securities Co., Ltd.	6.8%	November 27, 2014	N/A	No	—	—	—	—	—
33.	Industrial Securities Co., Ltd.	6.8%	December 5, 2014	N/A	No	—	—	—	—	—
34.	Shenyin & Wanguo Securities Co., Ltd.	10.0%	January 16, 2015	N/A	No	—	—	51,000	—	—
35.	China Universal Asset Management Co., Ltd.	11.5%	June 12, 2015	N/A	N/A	—	—	260,600	—	—
36.	China Universal Asset Management Co., Ltd.	11.5%	June 19, 2015	N/A	N/A	—	—	39,400	—	—
37.	China Universal Capital Management Co., Ltd.	11.20%	November 15, 2015	17.5%*	N/A	—	—	—	400,000	400,000
38.	China Universal Capital Management Co., Ltd.	11.20%	December 19, 2015	17.5%*	N/A	—	—	—	200,000	200,000
Total						—	6,799,040	15,284,700	16,031,550	13,326,850

* Pledged

** Transferred

*** The relevant SAIC registration of the transfer had not been completed.

Notes:

- (1) The effective annual interest rate was 15% from August 9, 2013 to September 8, 2013, 17% from September 9, 2013 to September 27, 2013 and 18% from September 28, 2013 to November 8, 2013, respectively.
- (2) The Coast is developed by Fujian Property, which is 66%-owned by Rongxin Group and 34%-owned by Fujian Ouke. Fujian Ouke, in turn, was 100%-owned by Rongxin Group. In connection with this trust loan, we transferred our 100% equity interest in Fujian Ouke to, and pledged our 66% equity interest in Fujian Property in favor of, the lender.
- (3) These financing arrangements were not tied to any specific projects.
- (4) As of the Latest Practicable Date, we had received confirmation letters confirming such veto rights would not be exercised. See “—Key terms of type (iii) arrangements—veto rights” below.

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The following table sets forth selected information on our trust and other borrowings arranged since June 30, 2015 and up to the Latest Practicable Date:

Item	Project	Trust company/ Financial institution	Effective annual interest rate	End date	Share of project company pledged/ transferred	Veto right to trust company	Principal balance as of	
							October 31, 2015	the Latest Practicable Date
							(RMB in thousands)	
1.	N/A	China Huarong Asset Management Co., Ltd.	10.77%	December 21, 2015	15%	No	265,000	—
2.	Future City	National Trust Co., Ltd.	14.0%	August 26, 2016	100%*	No	300,000	300,000
3.	N/A	China Universal Capital Management Co., Ltd.	11.2%	February 7, 2016	17.5%*	No	400,000	400,000
4.	Long Island	China Huarong Rongde Co., Ltd.	10.0%	September 18, 2017	100%*	No	350,000	350,000
5.	N/A	China Universal Capital Management Co., Ltd.	10.5%	February 26, 2016	100%*	No	—	1,000,000
6.	White House	China Credit Trust Co., Ltd.	7.2%	December 18, 2018	N/A	No	—	1,000,000
7.	Pingtian	Tian Hong Asset Management Co., Ltd.	11.5%	November 12, 2017	100%*	No	—	500,000
8.	David City Hangzhou Mansion	Pingan Trust Investment Co., Ltd.	12.0%	July 28, 2017	100%*	No	400,000	400,000
							1,715,000	3,950,000

These trust financing companies and other financial institutions we have cooperated with are reputable and well-established institutions in the PRC and are independent third parties to us. We use trust and other borrowings as a supplement to bank borrowings primarily to finance our property development projects. As of December 31, 2012, 2013 and 2014 and June 30, 2015, the total amount of trust financing outstanding accounted for nil, 80.3%, 88.6% and 87.9% of our total borrowings, respectively. On December 24, 2015, Rongxin Group, our wholly owned subsidiary, issued the first tranche of Public Corporate Bonds to qualified investors in an amount of RMB1.2 billion with a 5-year term at a coupon rate of 6.4% per annum to repay the principal balance on our institutional borrowings after deducting the administrative expenses payable by us. Our indebtedness may increase following the closing of the Public Corporate Bonds. See the section headed “Summary and Highlights—Recent Developments—Developments in Our Business” for further information.

The terms and covenants of our trust and other borrowings vary, largely depending on whether our equity interests in the borrowing project companies are (i) pledged or (ii) transferred to the financial institutions as security.

Types of our trust and other borrowings

Our trust and other borrowings are broadly categorized into:

- Type (i) arrangements which have terms similar to bank borrowings and do not involve either a pledge or a transfer of the equity interest held by us in the relevant project subsidiary, or

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- Type (ii) arrangements which involve a pledge of the equity interest held by us in the relevant project subsidiary, or
- Type (iii) arrangements which involve a transfer of equity interest and a pledge of the remaining equity interest held by us in the relevant project subsidiary.

These borrowings also generally involve other security and/or guarantees:

- corporate and/or shareholders' guarantees;
- pledge of land use rights of the relevant property project; and/or
- other security in the form of an assignment of rental income, sales revenue and other income generated from the relevant project company or an assignment of shareholders' loan.

We generally apply the funds obtained from the trust and other borrowings to the project undertaken by the relevant borrowing subsidiary unless the lending financial institution otherwise agrees. At maturity, and upon satisfaction of the terms for the repayment of the borrowings, the pledge of equity interest in the relevant project subsidiary will be released, any equity interest in the relevant project subsidiary transferred to the lender will be repurchased by us and the other forms of security or guarantee will be released, as applicable.

Key terms of type (i) arrangements

In type (i) arrangements, where our equity interests are neither pledged nor transferred, the lenders typically require such financings to be secured by our properties under development, completed properties held for sale or land use rights or guaranteed personally by Mr. Ou. They may also contain terms that prohibit our borrowing subsidiaries from entering into transactions such as merger, restructuring, spin-off, material asset transfer, liquidation, change of control, reduction of registered capital, change of scope of business or declaration of dividends or incurring further indebtedness without prior consent.

Key terms of type (ii) arrangements

In type (ii) arrangements, where our equity interests in the borrowing project companies are pledged to the lenders, the lenders do not have the right to participate in the project companies' board or shareholders' meetings or have veto rights in any form. Since under the terms of this type of borrowing arrangements the lenders typically can only exercise ordinary creditors' rights and do not have veto rights relating to operational matters in the ordinary course of business of the project companies, we believe that such arrangements will not affect our control over the borrowing project companies. The pledged interests will be released upon repayment of the principal of, and any other amount due under, such trust and other borrowings.

Key terms of type (iii) arrangements

In type (iii) arrangements, where our equity interests in the borrowing project companies are transferred to the lenders, the legal terms are more complex. A summary of key terms is set forth below.

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Board representation

Through equity participation in the relevant project companies, the lenders are entitled to appoint a certain number of directors to the relevant boards. Typically, at least a two-third majority is required for certain important matters, such as material disposal of assets, external borrowings exceeding a specific threshold, key construction planning changes and budgeting. In all of our type (iii) arrangements, we retain a majority on the boards of directors of the relevant project companies. As of the Latest Practicable Date, we had not experienced any disagreement with our trust company or other financial institution lenders in this type of arrangements and the board representatives appointed by such lenders had not cast any dissenting vote.

Security

As security for the performance of our project companies, we have in some cases provided guarantees, share pledges and/or fixed asset liens to the lenders.

Fixed income return

Our PRC legal advisors have advised us that, according to the confirmation letters issued by our lenders, under the terms of the type (iii) agreements we have entered into, the lenders do not in any circumstance enjoy any investment return other than a pre-determined fixed income return. We remain fully accountable for the profits and losses of our project companies. The lenders do not bear any risks or enjoy any benefits other than the fixed income return that was pre-determined through arm's length negotiation. Our Directors have confirmed that the rates of fixed income return provided to the trust companies or other financial institutions under our type (iii) arrangements are within the range of market rates.

Management of the project companies

During the term of the type (iii) arrangements, we retain the right in respect of the day-to-day operation and management of our project companies and their businesses. During the Track Record Period, none of the lenders in this type of arrangements actively participated or intervened in the day-to-day operations and management of any of our project companies.

Veto right

The circumstances in which the lenders can exercise veto rights typically include the following:

- Amendments to articles of association;
- Changes to registered capital or shareholding;
- Declarations of dividends or other distributions;
- Provisions of guarantees or asset pledges supporting related-party or third-party debt;

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- Acquisition of equity interests or making equity investments in other companies;
- Disposition of assets over a certain threshold not in the ordinary course of business;
- Key construction planning changes and budgeting;
- Incurrence of indebtedness from external financing;
- Appointment of key members of management; and
- Entering into material transactions over certain thresholds or that may undermine the company's ability to perform its obligations under the borrowing.

Such veto rights are consistent with customary protection given to creditors under secured borrowing transactions. During the Track Record Period and up to the Latest Practicable Date, none of the board representatives of the relevant trust company or other financial institution lenders had exercised its veto rights or unilateral revocation rights. As of the Latest Practicable Date, we had received confirmation letters from all of our trust company lenders confirming that they would not exercise their veto rights. Our PRC legal advisors, FenXun Partners, have confirmed to us that these confirmations are enforceable under PRC law. Accordingly, the Directors are satisfied, and the Sole Sponsor concurs, that the risk of losing control over the borrowing subsidiaries is mitigated, and we believe that we maintain control over the borrowing subsidiaries despite such veto rights. The funds injected in our Group under type (iii) financing arrangements are treated as borrowings of our Group. For further details, see Note 28(a) of the Accountant's Report in Appendix I.

The following table sets forth the aggregate principal balances of our trust and other borrowings by type as of the dates indicated:

Trust and other borrowings	As of December 31,			As of	As of
	2012	2013	2014	June 30, 2015	October 31, 2015
(RMB in thousands)					
Type (i)	—	4,022,040	5,661,000	3,890,000	2,863,000
Type (ii)	—	356,100	1,200,400	4,055,600	5,515,000
Type (iii)	—	2,420,900	8,423,300	8,085,950	6,663,850
	—	<u>6,799,040</u>	<u>15,284,700</u>	<u>16,031,550</u>	<u>15,041,850</u>

We expect that we will satisfy our repayment obligations under our trust and other borrowings by utilizing our internal resources. During the Track Record Period and up to the Latest Practicable Date, we did not default on our repayment or any other obligations in any material respect under our trust and other borrowings.

Our PRC legal advisors are of the opinion that our PRC subsidiaries involved in outstanding trust and other borrowings have been in compliance with the relevant PRC laws, regulations and rules and the agreements executed relating to such arrangements are valid and binding upon the parties to such agreements.

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Working Capital

Property developments require substantial capital investment for land acquisition and construction and it may take months before positive cash flows can be generated from operating activities. During the Track Record Period, we funded our capital requirements primarily through internally generated funds and external financing, including, primarily, trust and other borrowings, in addition to traditional bank borrowings. We manage our working capital centrally to ensure proper and efficient collection and deployment of funds. We carefully consider our cash position and ability to obtain bank loans and other forms of financing when making significant capital commitments and arranging payments for expanding our operations. Given suitable opportunities, we also intend to access the capital markets through further equity or equity-linked capital raising or debt-related capital raising.

To achieve sufficient working capital, we will continue to improve our cash inflow from the sales of our properties by executing our business strategies as well as strengthening our payment collection from our customers with respect to the property sales. We also intend to negotiate with our contractors to further optimize the payment schedules for constructions fees to match the collection of our proceeds. Furthermore, 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.

Our Directors confirm that we had no defaults in payment of trade or non-trade payables and borrowings or breaches of financial covenants during the Track Record Period.

Sufficiency of Working Capital

In the near future, our cash outflow is expected to be primarily driven by (i) the increase in the number of our existing property development projects entering into development stage and (ii) unpaid land premiums relating to land parcels already in our land bank. We expect to fund such cash outflow requirements with our cash on hand, cash generated from pre-sales of our current property development projects, existing bank borrowings and trust and other borrowings, drawdowns under unutilized credit facilities and, after completion of the Listing, net proceeds from this Global Offering.

As of June 30, 2015, we had cash and cash equivalents of RMB843.8 million and restricted cash of RMB414.9 million. As of the Latest Practicable Date, we had credit facilities of RMB20,380.9 million, of which RMB16,930.9 million were utilized and RMB3,450.0 million remained unutilized.

We intend to use approximately 60%, or HK\$1,133.5 million, of the net proceeds of this Global Offering for our current property development projects.

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The table below sets forth our estimated capital expenditure for the near future and our available sources of funding, for the periods indicated. This plan is indicative only and is subject to adjustment in accordance with our overall financial condition and the progress of our development projects.

	Six months ending December 31, 2015	Year ending December 31, 2016
	(RMB in thousands)	
<i>Estimated capital expenditure</i>		
Land premiums	771,410	2,849,000
Costs of construction	2,107,330	4,436,230
Capitalized interest	967,110	1,525,650
Total	<u>3,845,850</u>	<u>8,810,880</u>
<i>Available source of funding</i>		
Cash receipts from sales of properties	7,278,980	20,320,190
Loans and borrowings	2,500,000	4,491,700
Estimated proceeds from this Global Offering ⁽¹⁾	1,530,500	—
Total	<u>11,309,480</u>	<u>24,811,890</u>

Note:

(1) Assuming the Listing has completed.

Our Directors and the Sole Sponsor believe that, after taking into account the estimated net proceeds from the Global Offering and our current project development and sales schedules, cash flows from our operations and existing capital resources available to us, we have sufficient working capital for our present requirements and at least for the next 12 months from the date of this prospectus.

Letters of Intent

In addition to capital resources described above, as of the Latest Practicable Date, we also had obtained letters of intent from five banks and three non-bank financial institutions in the PRC which set out their intentions to potentially make additional liquidity available to us of, in aggregate, up to RMB16,421.0 million. We consider these documents evidence of additional capital resources potentially available to us. We, however, do not rely on such potential resources in our determination of working capital sufficiency.

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Bank. As of the Latest Practicable Date, we had obtained letters of intent from five PRC banks for granting to us banking facilities for an aggregate amount of up to RMB7,921.0 million, subject to final internal approvals. These letters of intent are enforceable because the relevant banks' issuances of these letters are legally binding civil acts recognized under PRC laws and the banks are required to act in good faith in determining whether they should grant us their final internal approvals. To grant such final internal approvals, the banks will be required to check whether the relevant project company has obtained certificates of land use rights, construction land planning permit, construction project planning permit and construction works commencement permit for the relevant project because, under PRC laws, banks are not allowed to grant loans for a project before such certificate and permits have been obtained and whether the other conditions have been fulfilled. See the section headed "PRC Regulatory Overview—Loan for Real Estate" in this prospectus. In addition, the banks will need to confirm there has been no material adverse change in our business or financial conditions since issuance of the letters of intent. Furthermore, we expect to be required to provide pledges of land use rights or mortgages over the project properties to the banks before drawing down the loans. Our Directors are of the view that these are typical requirements for bank facilities granted to property developers in the PRC. Our Directors do not expect any material impediment for us to satisfy all the requirements and obtain the banks' final internal approvals when we intend to obtain and utilize such bank facilities. We currently do not have any specific plan with respect to the timing of obtaining and utilizing such bank facilities.

Other financial institution. In addition, as of the Latest Practicable Date, we had obtained letters of intent from three PRC trust and asset management companies for making available to us financing in a principal amount of up to RMB8,500.0 million, subject to their final internal approval. We understand such final internal approval will be conditional upon the absence of any material adverse change in our business or financial conditions since issuance of the letters of intent.

Other than as disclosed in this prospectus, we have no other external financing plans.

Stress Test on Working Capital

For reference and illustration purposes only, the following is an extract of a highly hypothetical stress analysis by holding all other factors constant, and taking into account the financial resources available to us, including the expected proceeds from this Global Offering based on the low end of the indicative Offer Price range and assuming the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised, the expected future cash flows to be generated from our operations, and in the absence of unforeseeable circumstances, the possible impact on our working capital for the 14 months ending December 31, 2016 due to changes in either one of the five key parameters, namely repayment and cash advances from joint ventures and an associated company from November 1, 2015 to December 31, 2016, unit selling price of the properties sold from November 1, 2015 to December 31, 2016, GFA sold of the properties of our Group from November

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1, 2015 to December 31, 2016, available-for-sale timing of all properties of our Group from November 1, 2015 to December 31, 2016, and construction cost of all properties of our Group from November 1, 2015 to December 31, 2016 (the “Key Parameters”):

	Decrease of working capital as of December 31, 2016 ⁽¹⁾	Whether our working capital requirements can be met
	(RMB in thousands)	
Key Parameters		
Movement in cash advances from joint ventures and an associated company from November 1, 2015 to December 31, 2016 ⁽²⁾		
— Decrease to nil	1,609,914	Yes
Movement in unit selling price of the properties sold from November 1, 2015 to December 31, 2016 ⁽²⁾		
— Decrease by 5%	817,998	Yes
— Decrease by 10%	1,767,360	Yes
— Decrease by 15%	2,902,107	Yes
Movement in GFA sold of the properties of Our Group from November 1, 2015 to December 31, 2016 ⁽²⁾		
— Decrease by 5%	651,738	Yes
— Decrease by 10%	1,434,840	Yes
— Decrease by 15%	2,403,327	Yes
Movement in available-for-sale timing of all properties of our Group from November 1, 2015 to December 31, 2016 ⁽²⁾		
— Delay by one month	1,008,332	Yes
Movement in construction cost of all properties of our Group from November 1, 2015 to December 31, 2016 ⁽²⁾		
— Increase by 5%	279,888	Yes
— Increase by 10%	559,775	Yes
— Increase by 15%	839,663	Yes

Notes:

- (1) The amount is the decrease of working capital as of December 31, 2016 as a result of change in any Key Parameters. Any material decrease of such amount may result in a shortfall in working capital to satisfy our capital expenditure commitments and payment obligations and/or to maintain a sufficient positive cash balance to stay solvent.
- (2) Although the stress test was only performed for the period from November 1, 2015 to December 31, 2016, we used our unaudited financial information from July 1, 2015 to October 31, 2015 in estimating the working capital for the 18 months ending December 31, 2016.

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SUMMARY OF KEY FINANCIAL RATIOS

	As and for the year ended December 31,			As and for the six months ended June 30,
	2012	2013	2014	2015
Profitability ratios				
Gross profit margin ⁽¹⁾	24.2%	35.4%	27.8%	29.5%
Net profit margin ⁽²⁾	14.5%	24.2%	12.2%	13.3%
Liquidity ratio				
Current ratio ⁽³⁾	1.17	1.43	1.44	1.36
Interest coverage ratio ⁽⁴⁾	1.86	2.35	1.55	1.42
Capital adequacy ratio				
Gearing ratio ⁽⁵⁾	1.7	5.0	15.4	6.4

Notes:

- (1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (3) The calculation of current ratio is based on current assets divided by current liabilities.
- (4) The calculation of interest coverage ratio is based on (a) profit before income tax plus capitalized interest less finance income divided by (b) capitalized interest less finance income.
- (5) The calculation of gearing ratio is based on total borrowings less restricted cash and cash and cash equivalent divided by total equity.

Please refer to “—Six Months Ended June 30, 2015 Compared to Six Months Ended June 30, 2014,” “—Year Ended December 31, 2014 Compared to Year Ended December 31, 2013” and “—Year Ended December 31, 2013 Compared to Year Ended December 31, 2012” above for a discussion of the factors affecting gross and net profit margins during the respective periods.

Current Ratio

As of December 31, 2012, 2013 and 2014 and June 30, 2015, our current ratio amounted to 1.17, 1.43, 1.44 and 1.36, respectively. Our current ratio generally increased during the three years ended primarily due to our expansion with increased development projects. Our current ratio as of June 30, 2015 decreased as compared with December 31, 2014 primarily because certain non-current loans became current liabilities as of June 30, 2015, as we decided to replace them with other loans in the near term.

Gearing Ratio

As of December 31, 2012, 2013 and 2014 and June 30, 2015, our gearing ratio amounted to 1.7, 5.0, 15.4 and 6.4, respectively. The increasing trend from 2012 to 2014 was mainly due to the significant expansion of our business operations, which in turn increased our financing requirements

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significantly. See the section headed “—Liquidity and Capital Resources—Indebtedness” in this prospectus. The decrease from December 31, 2014 to June 30, 2015 was primarily due to a significant increase in our equity following a strategic investment. See the section headed “Summary and Highlights—Recent Developments—Developments in Our Business” in this prospectus.

High Gearing Ratio and Our Response

As demonstrated above, our gearing ratios during the Track Record Period were high, due to our relatively large amount of borrowings and our relatively small total equity.

The property development business is capital intensive. During the Track Record Period, in order to capture market opportunities in the real estate markets in which we operate, we significantly expanded our development activities, which increased our external financing requirements substantially. In addition, as bank loans in the PRC are typically not available until a project commences construction, we had to, during the Track Record Period, rely heavily on trust and other borrowings, which typically carry higher interest rates and further increased the amount of our total borrowings. As of June 30, 2015, we had total borrowings of RMB18,242.7 million, including bank borrowings of RMB2,211.1 million and trust and other borrowings of RMB16,031.6 million.

Property developments typically require substantial capital outlay during the construction period but may take years before any revenue can be generated through the sale and delivery of completed property developments. We acquired a significant amount of land bank during the Track Record Period in order to capture market opportunities in the real estate markets. However, most of our projects were still under development and had not started to generate income. As of December 31, 2012, 2013 and 2014 and June 30, 2015, we had four, 11, 15 and 15 projects respectively, under development. All our revenue from sales of properties during the Track Record Period was derived from two projects in Fuzhou and one project in Zhangzhou. In addition, in December 2014, we declared and paid a dividend of RMB338.0 million, which reduced a sizeable portion of our equity. As such, our total equity during the Track Record Period was small relative to our total borrowings. Our total equity as of December 31, 2014, after the dividend, was RMB1,029.0 million.

During the Track Record Period, we significantly expanded our business operations and were able to obtain sufficient external financings through bank borrowings as well as trust and other borrowings due to our sizeable and quality land bank. While leverage has enabled us to expand rapidly in the past, we have recognized that, in the interest of our long-term development, it is important to manage our gearing level, and begun to resort to other financing alternatives, including, among others, equity investment from strategic investors, to contain, manage and reduce leverage. We plan to continue to take such and other measures to improve our overall capital structure so as to achieve sustainable growth.

On the one hand, we have conducted a careful analysis of our current business plan and believe that, taking into account cash flow expected to be generated from our projects, bank borrowings and trust and other borrowings we current have in place, unutilized credit facilities currently available to us and proceeds from this Global Offering, we have sufficient capital resources to complete our current projects. As of June 30, 2015, our total commitments in respect of properties under development amounted to RMB4,400.5 million. As of June 30, 2015, we had cash and cash equivalents

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of RMB843.8 million and restricted cash of RMB414.9 million. As of the Latest Practicable Date, we had credit facilities of RMB20,380.9 million, of which RMB16,930.9 million were utilized and RMB3,450.0 million remained unutilized. After Listing, we also plan to use approximately 60%, or HK\$1,111.9 million (assuming an Offer Price of HK\$5.75 per Share, being the mid-point of the indicative Offer Price range), of the net proceeds from this Global Offering to finance the development of our existing projects. In addition, as of the Latest Practicable Date, we had also obtained letters of intent from five banks and three non-bank financial institutions in the PRC which set out their intention to potentially make additional liquidity to us of, in aggregate, up to RMB16,421.0 million. We have not added new projects or acquired new land since December 31, 2014. We have also adopted various measures to control our costs and expenses including, among others, setting up target costs for our project design and development, implementing centralized procurement and stipulating detailed and prudent financial policies to manage our administrative expenses and selling and marketing costs. Going forward, we plan to closely monitor our capital and cash positions and carefully manage our land costs, construction costs and operating expenses and continue to closely monitor the maturity profiles of our borrowings and manage the level of liquidity to ensure sufficient cash flows to service our indebtedness and meet cash requirements arising from our business. We also plan to use leverage prudently, with reference to our equity size, when we acquire new assets to expand our business operation.

On the other hand, we have also taken measures to and plan to continue to proactively manage our capital structure to meet our ongoing capital requirements. In May and July 2015, we brought in a strategic investor as a 49% shareholder in two of our previously wholly owned subsidiaries and received a total investment of RMB1,648.0 million, which boosted our equity base and reduced our gearing considerably. Primarily due to such investment, our gearing ratio as of June 30, 2015 was 6.4, representing a significant decrease from that as of December 31, 2014. We plan to continue to seek investment from strategic investors to reduce our capital commitments. In addition, we plan to shorten our project development cycle to improve operating efficiency, expedite asset turnover, enhance liquidity position and achieve sustainable growth.

CAPITAL EXPENDITURES AND COMMITMENTS

We incurred capital expenditure (including land premiums and costs of construction) of RMB1,903.4 million, RMB7,843.2 million, RMB11,916.1 million and RMB2,400.5 million for 2012, 2013, 2014 and the six months ended June 30, 2015, respectively.

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As of December 31, 2012, 2013 and 2014, June 30, 2015 and October 31, 2015, we had the following commitments that are contracted but not provided in respect of property development expenditures:

	As of December 31,			As of June 30,	As of October 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(RMB in thousands)				
Contracted but not provided for:					
- Property development activities	1,244,186	3,153,489	4,534,954	4,400,463	4,794,145
- Land use rights.....	214,150	3,202,042	4,734,311	3,539,100	3,460,000
	<u>1,458,336</u>	<u>6,355,531</u>	<u>9,269,265</u>	<u>7,939,563</u>	<u>8,254,145</u>

As of December 31, 2012, 2013 and 2014, June 30, 2015 and October 31, 2015, our total future minimum lease commitments under non-cancellable operating leases were payable as follow:

	As of December 31,			As of June 30,	As of October 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(RMB in thousands)				
Not later than one year	3,387	13,662	17,291	14,569	16,909
Later than one year and not later than three years	<u>5,180</u>	<u>21,804</u>	<u>11,998</u>	<u>5,597</u>	<u>10,369</u>
	<u>8,567</u>	<u>35,466</u>	<u>29,289</u>	<u>20,166</u>	<u>27,278</u>

As of December 31, 2012, 2013 and 2014 and June 30, 2015, our share of capital commitments in relation to the property development projects undertaken by our joint ventures and associated company amounted to RMB1,559.4 million, RMB1,563.6 million, RMB2,565.6 million and RMB2,115.6 million, respectively.

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CONTINGENT LIABILITIES

Our contingent liabilities comprise guarantees we provide to PRC banks in respect of the mortgage loans provided by the banks to purchasers of our properties and guarantees we provide to related parties and a third party in respect of borrowings. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The guarantees to Hemei Zhangzhou Property and the third party had been released before July 2015. The following table sets forth a breakdown of our contingent liabilities as of the dates indicated:

	As of December 31,			As of June 30,	As of October 31,
	2012	2013	2014	2015	2015
					(unaudited)
	(RMB in thousands)				
Guarantee in respect of mortgage facilities for certain purchasers	1,931,071	2,678,062	3,579,851	4,579,002	6,513,161
Guarantee to related parties in respect of borrowings					
Guarantee to joint ventures:					
Shiou Group	—	—	1,544,700	2,099,500	2,099,500
Liboshuntai					
Property	—	140,000	140,000	110,000	50,000
Shanghai Kaitai	—	—	—	335,820	296,910
Guarantee to other related parties:					
Hemei Zhangzhou					
Property	214,000	214,000	408,000	388,000	—
	<u>214,000</u>	<u>354,000</u>	<u>2,092,700</u>	<u>2,933,320</u>	<u>2,446,410</u>
	<u>2,145,071</u>	<u>3,032,062</u>	<u>5,672,551</u>	<u>7,512,322</u>	<u>8,959,571</u>

Our Directors believe that, in case of a default by our purchasers on their mortgage payments, the net realizable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, we have made no provision in connection with the guarantees.

We also provide various quality warranties to buyers of our properties, of terms between one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to us by the respective construction contractors. In addition, we have, from time to time, also been party to lawsuits and other legal proceedings in the normal course of business.

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OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities described above, we did not provide any financial guarantees or other commitments to guarantee the payment obligations of any third parties as of the Latest Practicable Date. We have not entered into any derivative contracts that are indexed to our Shares and classified as shareholder's equity or that are not reflected in our consolidated financial statements. We do not have any variable interests in any unconsolidated entity that provides financing, liquidity or market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Except for the relevant indebtedness described in “—Liquidity and Capital Resources—Indebtedness,” the Directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of our Group since October 31, 2015.

EMPLOYEES AND REMUNERATION POLICY

As of the Latest Practicable Date, we employed a total of 715 full-time employees. Our remuneration policy is to provide remuneration packages including a salary, bonus and various allowances, so as to attract and retain top quality staff. See the section headed “Business—Employees” in this prospectus and note 8 of the Accountant's Report as set out in Appendix I to this prospectus.

PROPERTIES AND VALUATION

The particulars of our properties are set out in the section headed “Business” and in “Appendix III—Property Valuation.” Jones Lang LaSalle has valued the properties as of October 31, 2015. A full list of properties and a summary of the values issued by Jones Lang LaSalle are included in “Appendix III—Property Valuation.” The full set valuation report issued by Jones Lang LaSalle will be available for inspection at the offices of Paul Hastings as described in Appendix VI to this prospectus.

A reconciliation of the net book value of our properties as of June 30, 2015 as set out in “Appendix I—Accountant's Report” to their fair value as of October 31, 2015 as stated in the property valuation report set out in “Appendix III—Property Valuation Report” is set out below:

	<u>RMB in thousands</u>
	(unaudited)
Net book value of the following assets of the Group as of June 30, 2015:	
Inventory	23,093,168
Land use rights	492,096
Construction in progress	599,495
Property, plant and equipment	4,917
Prepayments for acquisition of land use rights	2,000,185
	<u>26,189,861</u>

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	RMB in thousands
	(unaudited)
Add: Additions during the period from July 1, 2015 to October 31, 2015 of inventory	2,828,889
Add: Additions during the period from July 1, 2015 to October 31, 2015 of construction in progress	114,659
Add: Additions during the period from July 1, 2015 to October 31, 2015 of prepayments for acquisition of land use rights	(1,040,228)
Less: Sold during the period from July 1, 2015 to October 31, 2015	—
Less: Amortization during the period from July 1, 2015 to October 31, 2015	(4,412)
Less: Depreciation during the period from July 1, 2015 to October 31, 2015	(126)
Less: Properties with no commercial value	(959,957)
	<u>938,825</u>
Net book value of properties as of October 31, 2015:	
Inventory	25,922,057
Land use rights	487,684
Construction in progress	714,154
Property, plant and equipment	4,791
Prepayments for acquisition of land use rights	—
	<u>27,128,686</u>
Resettlement Housing related up to October 31, 2015:	
- Deposits for construction contracts at day one	298,284
- Accumulated construction costs	203,679
- Accumulated margin for construction service	—
	<u>501,963</u>
	<u>27,630,649</u>
Valuation surplus, before tax	<u>2,687,951</u>
Valuation of properties of the Group as of October 31, 2015 as set out in the property valuation report in Appendix III to this prospectus	<u>30,318,600</u>
Valuation of properties as of October 31, 2015 as set out in the property valuation report in Appendix III to this prospectus	58,103,600
Less: Valuation of properties held by the Group's joint ventures and associated company	<u>27,785,000</u>
Valuation of properties of our Group as of October 31, 2015 as set out in the property valuation report in Appendix III to this prospectus	<u>30,318,600</u>

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MARKET RISK

Interest Rate Risk

Our interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose us to fair value interest rate risk. We closely monitor trend of interest rate and its impact on our interest rate risk exposure. We currently do not use any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As of December 31, 2012, 2013 and 2014 and June 30, 2015, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 would increase or decrease by RMB18.6 million, RMB16.7 million, RMB19.7 million and RMB11.1 million, respectively, mainly as a result of higher or lower interest expense on floating rate borrowings, most of which have been capitalized in qualified assets.

Credit Risk

We do not have concentrations on credit risk and our cash transactions are limited to high credit quality institutions. Our maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, restricted cash and trade and other receivables shown in the consolidated balance sheets.

As of December 31, 2012, 2013 and 2014 and June 30, 2015, substantially all our bank deposits were placed with major financial institutions in the PRC, which we believe are of high credit quality without significant credit risk.

For the trade receivables arising from sales of properties, we manage the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loan financing procedures before delivery of properties unless strong credit records of the purchasers could be established. We closely monitor the collection of progress payments from the purchasers in accordance with payment schedule agreed with customers and have policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate amount of down-payments.

Meanwhile, we have the right to cancel the contracts if the purchasers are in default of payment obligations. We also have monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. We have no significant concentrations of credit risk, with exposure spread over a number of counter-parties and customers.

We have provided guarantees to secure obligations of purchasers of our properties under their mortgage loans. See the section headed “—Contingent Liabilities” in this prospectus for detailed disclosure of such guarantees.

No significant credit limits were exceeded during the Track Record Period, and our Directors do not expect any significant losses from non-performance by these counter-parties.

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For other receivables, amounts due from other related parties, amounts due from an associated company and amounts due from joint ventures, we assess the credit quality of the counter parties by taking into account their financial position, credit history and other factors. We also regularly review the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The Directors are of the opinion that the risk of default by the counter-parties is low.

Liquidity Risk

We aim to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing, including short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, our financial and capital management center maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through available sources of financing. See Note 3.1.3 of the Accountant's Report in Appendix I.

Our Directors have prepared a working capital forecast covering a period of not less than 12 months from June 30, 2015 (the "Forecast Period"). Key assumptions used in the preparation of the working capital forecast for the Forecast Period include:

- (1) that there be no material delay in our property development schedules (including those of our joint ventures and associated company) so that we and our joint ventures and associated company will have sufficient properties available for sale and pre-sale during the Forecast Period;
- (2) that the unit selling price of our properties (including those developed by our joint ventures and associated company) in the Forecast Period not fluctuate significantly from that of the year ended December 31, 2014 and the six months ended June 30, 2015 and the real estate market in the regions where such properties are located not significantly change from the management's estimate;
- (3) that an unutilized RMB3,100 million under a trust financing arrangement in relation to The Twin Harbor City project be raised and utilized by us in line with the development progress of the project; and
- (4) that our land bank as of June 30, 2015 be sufficient for our property development during the Forecast Period; that we launch the property projects phase by phase during the Forecast Period; that we conduct no significant acquisition of land use rights during the Forecast Period.

We have a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment, including adjusting project development timetable to adapt to the change of local real estate market environment, implementing cost control measures, promoting sales of completed properties, accelerating sales with more flexible pricing, seeking joint venture partners to develop quality projects, disposing of certain land use rights

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with acceptable prices and renegotiating payment terms with counterparties for certain land acquisitions. We will pursue such options basing on our assessment of relevant future costs and benefits. Please refer to note 3 of the Accountant's Report included as Appendix I to this prospectus for further details regarding our liquidity risk.

Listing Expenses

As of June 30, 2015, we had incurred listing expenses of RMB28.8 million, of which RMB7.3 million will be accounted for as a deduction in equity and RMB21.5 million we had recorded as administrative expenses on our consolidated income statement for the year ended December 31, 2014 and for the six months ended June 30, 2015. We expect to incur further listing expenses amounting to RMB41.0 million, of which RMB33.3 million is expected to be accounted for as a deduction in equity and the remaining RMB7.7 million is expected to be recorded as expenses in the year ending December 31, 2015. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2015. The table below sets forth details of our listing expenses for the period indicated:

	Year ended December 31, 2014	Six months ended June 30, 2015	To be incurred (estimated)	Total (estimated)
	(RMB in thousands)			
Recorded expenses	14,420	7,081	7,727	29,228
Capitalized expenses	4,950	2,300	33,251	40,501
Total	<u>19,370</u>	<u>9,381</u>	<u>40,978</u>	<u>69,729</u>

SENSITIVITY ANALYSIS ON HISTORICAL RESULTS

For illustrative purposes only, the following table demonstrates the sensitivity of our net profit during the Track Record Period to hypothetical changes in cost of sales:

Hypothetical changes in cost of sales	Net profit							
	For the years ended December 31,						For the six months	
	2012		2013		2014		ended June 30, 2015	
	(RMB in thousands, except for percentages)							
+8%	109,260	-41.7%	405,790	-21.3%	264,901	-47.2%	162,268	-42.3%
+6%	128,831	-31.3%	433,274	-16.0%	324,085	-35.4%	191,972	-31.7%
+4%	148,402	-20.9%	460,759	-10.7%	383,270	-23.6%	221,676	-21.1%
+2%	167,974	-10.4%	488,243	-5.3%	442,454	-11.8%	251,380	-10.6%
0.....	187,545	0.0%	515,728	0.0%	501,639	0.0%	281,084	0.0%
-2%	207,116	+10.4%	543,213	+5.3%	560,824	+11.8%	310,788	+10.6%
-4%	226,688	+20.9%	570,697	+10.7%	620,008	+23.6%	340,492	+21.1%
-6%	246,259	+31.3%	598,182	+16.0%	679,193	+35.4%	370,196	+31.7%
-8%	265,830	+41.7%	625,666	+21.3%	738,377	+47.2%	399,900	+42.3%

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As of December 31, 2012, 2013 and 2014 and June 30, 2015, if interest rates on borrowings at floating rates had been 100 basis points higher or lower, with all other variables held constant, interest charges for the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015 would have increased/decreased by RMB18,610,000, RMB16,730,000, RMB19,741,000 and RMB11,056,000, respectively, most of which would have been capitalized in qualified assets and the impacts to net profits would have been minimal.

DIVIDENDS

Our Company declared a dividend of RMB338.0 million in December 2014, all of which had been fully settled as of the Latest Practicable Date utilizing internal resources. Our Company had not declared or paid any other dividend during the Track Record Period and up to the Latest Practicable Date.

Subject to the Cayman Companies Law and our Articles, 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 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 Cayman Companies Law.

Future dividend payments will also depend upon the availability of dividends we will receive from our subsidiaries in China. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require foreign investment enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Pursuant to certain project loans entered into by our PRC subsidiaries, joint ventures and associated company with PRC financial institutions, such loan agreements contain dividend blocking clauses requiring our PRC subsidiaries, joint ventures and associated company to obtain the lending banks' approval or to fully settle the loan prior to distributing any dividends, which could reduce the amounts that we receive from our PRC subsidiaries, joint ventures and associated company. Based on the project loans that were in force as of the Latest Practicable Date, we estimate, solely based on the assumptions and basis employed in our management's forecast on our future profit, that 13% and nil of our Group's total distributable profits as of December 31, 2015 and 2016, respectively, will be restricted by such dividend blocking clauses and will not be available for potential distribution to our Shareholders. Distributions from our PRC subsidiaries, joint ventures and associated company may also be subject to any restrictive covenants in bank credit facilities or loan agreements, convertible bond instruments or other agreements that we or they may enter into in the future.

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The amount of dividend 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 and will be subject to approval of our Shareholders. Our Board has an absolute discretion to recommend any dividend for any year, and there is no assurance that dividends of any amount will be declared or distributed in any future year. We currently do not intend to distribute any of our distributable profits to our Shareholders.

DISTRIBUTABLE RESERVES

As of June 30, 2015, we did not have reserves attributable to our equity holders.

NO MATERIAL ADVERSE CHANGE

There was no interruption in our business that may have or has had a significant effect on our financial condition in the last 12 months. Our Directors, up to the date of this prospectus, are not aware of any material adverse change in our financial or trading position since June 30, 2015 (being the date as of which our latest consolidated financial statements were prepared as set out in the Accountant's Report in Appendix I to the prospectus).

Our Directors have confirmed that we have not experienced any withdrawal of banking facilities, requests for early payment of outstanding bank loans or increase in the amount of pledge(s), cancellation of orders, bankruptcy or default of customers or suppliers which have had a material adverse impact on our business operations.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 32 in the Accountant's Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or on terms not less favorable than terms available from independent third parties, which are considered fair, reasonable and in the interest of our shareholders as a whole.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

According to Rule 13.17 of the Listing Rules, a general disclosure obligation will arise where the controlling shareholder of the company has pledged its interest in shares of the company to secure debts of the company or to secure guarantees or other support of obligations of the company.

Save as disclosed in this prospectus, our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA NET TANGIBLE ASSETS

The following unaudited *pro forma* statement of our adjusted net tangible assets is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the Offering on the net tangible assets of the Group attributable to the equity owners of the Company as of June 30, 2015 as if the Offering had taken place on that date.

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This *pro forma* statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Offering been completed as of June 30, 2015 or at any future date.

	Consolidated net tangible assets attributable to the equity owner of our Company as of June 30, 2015 ⁽¹⁾	Estimated net proceeds from the Offering ⁽²⁾	Unaudited <i>pro</i> <i>forma</i> adjusted net tangible assets	Unaudited <i>pro</i> <i>forma</i> adjusted net tangible assets per Share ^{(3) (5)}	Unaudited <i>pro</i> <i>forma</i> adjusted net tangible assets per Share ^{(3) (5)}
	RMB in thousands	RMB in thousands	RMB in thousands	RMB	HK\$
Based on an offer price of HK\$5.36 per share	2,009,985	1,443,364	3,453,349	2.56	3.12
Based on an offer price of HK\$6.13 per share	2,009,985	1,652,200	3,662,185	2.71	3.30

Notes:

- (1) The consolidated net tangible assets attributable to equity owners of our Company as of June 30, 2015 is based on the consolidated net assets attributable to the equity owners of our Company of RMB2,013,016,000 as of June 30, 2015 with an adjustment for the intangible assets as of June 30, 2015 of RMB3,031,000.
- (2) The estimated net proceeds from the Offering are based on the offer prices of HK\$5.36 and HK\$6.13 per share, being the low and high ends of the stated offer price range, after deduction of the underwriting fees and other related expenses payable by our Company and does not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme and may be allotted and repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (3) The unaudited *pro forma* including adjusted net tangible assets per Share are arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 1,350,000,000 Shares are expected to be in issue following the Offering, but do not take into account any Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme and may be allotted and repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (4) No adjustment has been made to the unaudited *pro forma* adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to June 30, 2015.
- (5) For purposes of the estimated net proceeds of the Offering and the unaudited *pro forma* adjusted net tangible assets per Share are converted into Hong Kong dollars and RMB at an exchange rate of HK\$1.00 to RMB0.82. No representation is made that the RMB amounts have been, could have been or may be converted to Hong Kong dollars, or *vice versa*, at that rate.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business—Our Business Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering, after deducting the underwriting fees and expenses payable by us in the Global Offering, of approximately HK\$1,889.2 million (assuming an Offer Price of HK\$5.75 per Share, being the midpoint of the indicative Offer Price range), assuming no exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme.

We currently intend to apply these net proceeds in the following manner:

- approximately 60%, or approximately HK\$1,133.5 million, to be used in our current property development projects, among which, approximately 15%, or HK\$283.4 million, will be used for The Twin Harbor City project, approximately 15%, or HK\$283.4 million, will be used for The Long Island project, approximately 15%, or HK\$283.4 million, will be used for Hangzhou Mansion project and the remaining 15%, or HK\$283.4 million, will be used for Blue Peacock Phase II project;
- approximately 30%, or approximately HK\$566.8 million, to be used in expanding our land reserves by seeking and acquiring suitable land parcels in cities in which we are currently operating and targeted cities in the future, especially in the Western Taiwan Straits Economic Zone. For details of our project selection process, see the section headed “Business—Our Property Development Management—Site Selection” in this prospectus. As of the Latest Practicable Date, we had not identified or committed to any acquisition targets for our use of net proceeds from the Global Offering; and
- approximately 10%, or approximately HK\$188.9 million, to be used for our general corporate and working capital purposes.

If the Offer Price is fixed at HK\$6.13 per Offer Share, being the higher end of the indicative Offer Price range, the net proceeds will be increased to approximately HK\$2,014.9 million. The additional net proceeds will be used for acquiring new projects. If the Offer Price is fixed at HK\$5.36 per Offer Share, being the lower end of the indicative Offer Price range, the net proceeds will be reduced to approximately HK\$1,760.2 million. This reduction in net proceeds will be deducted from the net proceeds intended to be applied for expanding our land reserves.

The additional net proceeds that we would receive if the Over-allotment Option is exercised, which is currently estimated to be approximately HK\$271.4 million, HK\$291.1 million and HK\$310.3 million (assuming the lowest, middle and highest points of the indicative Offer Price range, respectively), will be used for acquiring new projects.

FUTURE PLANS AND USE OF PROCEEDS

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not commercially viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate proceeds to other uses.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above, they will be placed in short-term demand deposits with licensed banks or financial institutions.

UNDERWRITING

HONG KONG UNDERWRITERS

ICBC International Securities Limited
GF Securities (Hong Kong) Brokerage Limited
Guotai Junan Securities (Hong Kong) Limited
Haitong International Securities Company Limited
First Shanghai Securities Limited
Oriental Patron Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Under the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, on the terms and subject to the conditions of this prospectus and the Application Forms. Subject to the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to procure subscribers for, or themselves to subscribe for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been signed and becoming unconditional in accordance with its terms and not having been terminated in accordance with its terms or otherwise.

Grounds for termination

The Sole Global Coordinator (for itself and the other Hong Kong Underwriters) shall be entitled by notice (orally or in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if prior to 8:00 a.m. on the Listing Date if:

- (a) there has come to the notice of the Sole Global Coordinator or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:
 - (i) any breach of, or any matter or event rendering untrue, incorrect, inaccurate or misleading in any material respect, any of the Warranties; or
 - (ii) any material breach of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

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- (iii) any of the warranties given by the warrantors as set out in the International Underwriting Agreement (or would when repeated be) untrue, inaccurate or misleading or having been breached; or
- (iv) that any statement contained in this Prospectus, the Application Forms, the Formal Notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has or may become, untrue, incorrect, inaccurate or misleading in any material respect, or that any estimate/forecast, expression of opinion, intention or expectation contained in any of this Prospectus, the Application Forms, Formal Notice and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not, in all material respects, fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or
- (v) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, not having been disclosed in this Prospectus and the Application Forms constitute a material omission from any of this Prospectus, the Application Forms, the Formal Notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or
- (vi) any matter, event, act or omission which gives or is likely to give rise to any material liability of our Company or the Warrantors out of or in connection with any breach, inaccuracy and/or incorrectness of the Warranties and or pursuant to the indemnities given by any of the indemnifying parties pursuant to the Hong Kong Underwriting Agreement; or
- (vii) any Material Adverse Change (as defined in the Hong Kong Underwriting Agreement) or 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 our Group as a whole, whether or not arising in the ordinary course of business, as determined by the Sole Global Coordinator in its sole and absolute discretion; or
- (viii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, our Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option and the Share Option Scheme) 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 on or before the Listing Date; or

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- (ix) our Company withdraws this Prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
 - (x) any expert named in this Prospectus has withdrawn its respective consent to the issue of this Prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (b) there shall have developed, occurred, happened or come into effect:
- (i) any change or development involving a prospective change or development, or any event or series of events resulting or likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or the RMB is linked to any foreign currency or currencies), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), the Cayman Islands or the British Virgin Islands (collectively, the “**Relevant Jurisdictions**” and each a “**Relevant Jurisdiction**”); or
 - (ii) any new laws or any change, development or announcement or publication involving a prospective change in existing laws, or any change, development or announcement or publication involving a prospective change, or any event or series of events resulting in or representing a change or a development involving a prospective change, in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or
- (iii) the imposition or declaration of:
- (i) any moratorium, suspension, restriction or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the American Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or
 - (ii) any general moratorium on commercial banking activities or foreign exchange trading or securities settlement or clearance services in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at Federal or New York State level or other competent authority), London, the PRC, the European Union (or any

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member thereof), Japan, Singapore, the Cayman Islands, the British Virgin Islands or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or

- (iv) a change or development involving a prospective change in or affecting Taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a devaluation of the HK\$ or the RMB against any foreign currencies), or the implementation of any exchange control, in any Relevant Jurisdiction; or
- (v) any litigation, or claim, or investigation or actions being announced, threatened or instigated against any Group Company or the Warrantors; or
- (vi) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (vii) a Director being charged with an indictable offence or prohibited by operation of laws or otherwise disqualified from taking part in the management of a company; or
- (viii) the chairman or chief executive officer of our Company vacating his office; or
- (ix) the commencement by any judicial, regulatory, governmental, political body or organization or any other authority of any investigation, claim, proceedings or other action, or announcing an intention to investigate or take such action, against any Director or any member of our Group or an announcement by any regulatory body or organization that it intends to take any such action; or
- (x) a contravention by any Group Company of the Listing Rules or applicable laws; or
- (xi) a prohibition on our Company for whatever reason from allotting, issuing or selling our Shares (including the Over-allotment Option Shares and the Share Option Scheme) pursuant to the terms of the Global Offering; or

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- (xii) non—compliance of this Prospectus (or any other documents used in connection with the contemplated offer and sale of our Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or
- (xiii) other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by our Company of any supplement or amendment to this Prospectus (or to any other documents used in connection with the contemplated offer and sale of our Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (xiv) any event or series of events in the nature of force majeure, including, without limitation, acts of government, declaration of a national or international emergency, calamity, crisis, labor disputes, strikes, lock—outs, riots, public disorder, fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), outbreak of infectious diseases or epidemics or pandemics including, but not limited to, Severe Acute Respiratory Syndromes (SARS), H1N1 and H5N1 and such related/mutated forms or accident or interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis; or
- (xv) any change or prospective change in, or a materialization of, any of the risks set out in the section headed “Risk Factors” in this Prospectus; or
- (xvi) an order or petition for the winding up or liquidation of any Group Company or any composition, compromise or arrangement made by any Group Company with its creditors or a scheme of arrangement entered into by any Group Company or any resolution for the winding up or liquidation of any Group Company is passed or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

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which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) (1) has or will or may have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or (2) has or will or may have 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 or may make it inadvisable or inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offering or the Global Offering to be performed or implemented or proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this Prospectus; or (4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings

Undertakings to the Stock Exchange under the Listing Rules

(A) Undertaking by us

Under Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except under the Capitalization Issue and the Global Offering (including the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) or for the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertaking by our Controlling Shareholders

In accordance with Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange that except under the Global Offering or the Over-allotment Option, (a) it will not, at any time during the period commencing from the Listing Date and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owners; and (b) it will not, at any time during the period of six months from the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interest or encumbrances, it will then cease to be our Controlling Shareholder.

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Note (2) to Rule 10.07 of the Listing Rules provides that the rule does not prevent a controlling shareholder from using the shares owned by it as securities (including a charge or a pledge) 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.

Pursuant to Note (3) of Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has further undertaken to the Stock Exchange that he/it will, within a period of 12 months from the Listing Date, immediately inform us and the Stock Exchange of:

- (a) any pledges or charges of any Shares or securities of our Company beneficially owned by him/it in favor of any authorized institution as permitted under the Listing Rules, and the number of such Shares or securities of our Company so pledged or charged; and
- (b) any indication received by he/it, either verbal or written, from any pledgee or chargee of any Shares or other securities of our Company pledged or charged that any of such Shares or other share capital will be sold transferred or disposed of.

We will also inform the Stock Exchange as soon as we have been informed of the above matters (if any) by any of our Controlling Shareholders or their shareholders and disclose such matters by way of a public announcement in accordance with the Listing Rules and, if applicable, the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO after being so informed by any of our Controlling Shareholders or their respective shareholders.

Undertakings under the Hong Kong Underwriting Agreement

(A) Undertaking by us

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over—Allotment Option) and the issue of Shares pursuant to the Capitalization Issue and the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the “**First Six Month Period**”), our Company hereby undertakes to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Hong Kong Underwriters and each of warrantors under the Hong Kong Underwriting Agreement undertakes to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Hong Kong Underwriters to procure our Company, not to, and to procure each Group Company not to, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, 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, make any short sell or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other equity securities of our Company,

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or 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

- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above.
- (d) offer to or agree to or announce any intention to effect any transaction specified in Clause (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other equity securities of our Company or in cash or otherwise (whether or not the issue of Shares or such other equity securities will be completed within the aforesaid 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**”), our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of the Controlling Shareholders undertakes to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Hong Kong Underwriters to use their best endeavours to procure our Company to comply with the undertakings mentioned above.

(B) Undertaking by our Controlling Shareholders

Each of the Controlling Shareholders hereby undertakes to each of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Hong Kong Underwriters that, save for any lending of Shares by Dingxin pursuant to the Stock Borrowing Agreement, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, none of the Controlling Shareholders will, and will procure that none of its Associates will:

- (a) at any time during the First Six Month Period, (i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, make short sell or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other equity securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to

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purchase, any Shares or other equity securities of our Company, as applicable), 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 Shares or any other equity securities of our Company or any interest therein in (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other equity securities of our Company, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);

- (b) at any time during the Second Six Month Period, enter into any of the transactions specified in (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 our 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 (i), (ii) or (iii) above or offer to or agrees to or announce any intention to effect any such transaction, it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

International Underwriting

International Underwriting Agreement

In connection with the International Underwriting, we, among others, expect to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, the International Underwriters, subject to certain conditions, will agree severally and not jointly to procure purchasers for, or themselves purchase, their respective proportions of the International Offering Shares being offered under the International Offering.

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Under the International Underwriting Agreement, we expect to grant to the International Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters) at any time from the date of the International Underwriting Agreement up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require us to allot and issue up to an aggregate of 50,625,000 additional Shares, representing in aggregate 15% of the number of Offer Shares initially available under the Global Offering. These Shares will be issued at the Offer Price and will be solely for the purpose of covering over-allocations, if any, in the International Offering.

It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors shall be reminded that if the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

We will agree to indemnify the International Underwriters against certain liabilities, including liabilities under the U.S. Securities Act.

Commissions and expenses

The Hong Kong Underwriters will receive a gross commission of 2.5% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The commissions payable to the Underwriters will be borne by our Company in relation to the new Shares to be issued in relation to the Global Offering. Our Company may also in its sole discretion pay the Sole Global Coordinator an additional incentive fee of up to 1% of the aggregate proceeds from the offer of Shares offered by us under the Global Offering.

The aggregate commissions (inclusive of any discretionary incentive fees), together with listing fees, SFC transaction levy and Stock Exchange trading fee in respect of the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Global Offering, are estimated amount to approximately HK\$85.0 million (assuming an Offer Price of HK\$5.75, which is the midpoint of the indicative Offer Price range and that the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised) in total and are payable by us.

The commission and expenses were determined after arm's length negotiations between the Company and the Hong Kong Underwriters.

Underwriters' interest in our Group

Save for their obligation under the Underwriting Agreements, none of the Underwriters has any shareholding interests in any member of our Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

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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.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Global Coordinator will ensure that there will be minimum 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

ACTIVITIES BY SYNDICATE MEMBERS

The Underwriters of the Hong Kong Public Offering and the International Offering (the “Syndicate Members”) and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own accounts and for the account of others. In relation to our Shares, other activities could include acting as agent for buyers and sellers of our Shares, entering into transactions with other buyers and sellers in a principal capacity, proprietary trading in our Shares, and entering into over-the-counter or listing derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying, assets including our Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, buying and selling our Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in our Shares, in baskets of securities or indices including our Shares, in units of funds that may purchase our Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having our Shares as their underlying, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of other securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and these will also result in hedging activity in our Shares in most cases.

All these activities may occur both during and after the end of the stabilizing period described in the section headed “Structure of the Global Offering—Stabilization” in this prospectus. These activities may affect the market price or value of our Shares, the liquidity or trading volume in our Shares, and the volatility of our Share price, and the extent to which this occurs from day to day cannot be estimated.

STRUCTURE OF THE GLOBAL OFFERING

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:

- the Hong Kong Public Offering of 33,750,000 Shares (subject to adjustment as mentioned below) in Hong Kong as described below under “Hong Kong Public Offering”; and
- the International Offering of 303,750,000 Shares (subject to adjustment and the Over-allotment Option as mentioned below), outside the United States (including with professional, institutional, corporate and other investors whom we anticipate may have a reasonable demand for the Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may apply for the Hong Kong Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the International Offering Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the International Offering Shares to institutional and professional investors and other investors in other jurisdictions outside the United States in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Offering Shares in the International Offering. Prospective investors will be required to specify the number of International Offering Shares they would be prepared to acquire either at different prices or at a particular price.

The Shares will be traded in board lots of 500 each.

The number of Offer Shares to be offered under the Global Offering respectively may be subject to reallocation as described in the section headed “Pricing and Allocation” below.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate only to the Hong Kong Public Offering.

PRICING AND ALLOCATION

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us 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 Wednesday, January 6, 2016 and in any event, no later than Monday, January 11, 2016.

The Offer Price will not be more than HK\$6.13 per Offer Share and is expected to be not less than HK\$5.36 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters and with the consent of our Company) consider the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Sole Global Coordinator (on behalf of the Underwriters) may reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or before 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 on Wednesday, January 6, 2016, cause to publish in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.rongxinggroup.com a notice of the reduction. Such notice will also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in the section headed “Summary” and any other financial information which may change as a result of such reduction. Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The Shares to be offered in the Global Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. Allocation of the International Offering Shares under the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after the Listing. Such allocation may be made to professional, institutional or corporate investors and is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of 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. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

STRUCTURE OF THE GLOBAL OFFERING

The final Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares 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 headed “How to Apply for Hong Kong Offer Shares—11. Publication of Results” in this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares under the Hong Kong Public Offering will be conditional on, inter alia:

- (a) the granting of approval by the Listing Committee for the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering (including any Shares which may be issued under the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme and Shares to be issued under the Capitalization Issue, and such listing and permission not having been revoked prior to the commencement of dealings in the Offer Shares on the Stock Exchange;
- (b) the Offer Price having been determined on or around the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date;
- (d) the obligations of the Underwriters under the Underwriting Agreements having become 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 respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Saturday, January 30, 2016, being the 30th day after the date of this prospectus.

If, for any reason, the Offer Price is not agreed by Monday, January 11, 2016 between the Sole Global Coordinator (on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

If the above conditions are not fulfilled or waived before the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.rongxingroup.com on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to Apply for Hong Kong Offer Shares” in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

STRUCTURE OF THE GLOBAL OFFERING

Share certificates for the Offer Shares are expected to be issued on Tuesday, January 12, 2016 but will only become valid certificates of title at 8:00 a.m. on the Listing Date, provided that (a) the Global Offering has become unconditional in all respects and (b) neither of the Underwriting Agreements has been terminated in accordance with its terms.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 33,750,000 Shares at the Offer Price, representing 10% of the 337,500,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the number of Offer Shares offered under the Hong Kong Public Offering will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Capitalization Issue and the Global Offering, assuming that the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any adjustment in the number of Offer Shares allocated between the Global Offering) will be divided equally into two pools (subject to adjustment of odd lot size): Pool A comprises 16,875,000 Hong Kong Offer Shares and Pool B comprises 16,875,000 Hong Kong Offer Shares, both of which are available on an equitable basis to successful applicants. All valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price of HK\$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) will fall into Pool A and all valid applications that have been received for Hong Kong Offer Shares with an aggregate subscription price of more than HK\$5 million (excluding brokerage, SFC transaction levy and Stock Exchange trading fee) and up to the total value of Pool B will fall into Pool B. For the purpose of this paragraph 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).

Investors should be aware that applications in Pool A and Pool B are likely to receive different allocation ratios. If Hong Kong Offer Shares in one pool (but not both pools) are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B but not from both pools and may only apply for Hong Kong Offer Shares in either Pool A or Pool B. In addition, multiple or suspected multiple applications within either pool or in both pools will be rejected. No application will be accepted from applicants for more than 16,875,000 Hong Kong Offer Shares (being 50% of the initial number of Hong Kong Offer Shares).

STRUCTURE OF THE GLOBAL OFFERING

Reallocation and Clawback

The allocation of Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times, and (c) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 101,250,000, 135,000,000 and 168,750,000 Offer Shares, representing 30% (in the case of (a)), 40% (in the case of (b)) and 50% (in the case of (c)), respectively, of the total number of Offer Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated to the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Offer Shares will be allocated to Pool A and Pool B.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate.

Applications

The Sole Global Coordinator (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 Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Hong Kong Offer Shares under the Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person 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 of, any International Offering Shares under the International Offering, and such applicant's application is liable to be rejected if the undertaking and/or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated International Offering Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK\$6.13 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK\$6.13, being the maximum Offer Price, we will refund the respective difference (including brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares" in this prospectus.

STRUCTURE OF THE GLOBAL OFFERING

INTERNATIONAL OFFERING

Number of Offer Shares Initially Offered

The number of Offer Shares to be initially offered for subscription under the International Offering will be 303,750,000 Offer Shares (subject to adjustment and the Over-allotment Option), representing 90% of the Offer Shares under the Global Offering and 22.5% of our enlarged issued share capital immediately after the Capitalization Issue and completion of the Global Offering assuming that the Over-allotment Option and any options which may be granted under the Share Option Scheme are not exercised. The International Offering is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of International Offering Shares under the International Offering will be effected in accordance with the “book-building” process described in the section headed “Pricing and allocation” in this prospectus and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base for the benefit of our Company and our Shareholders as a whole.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered under the Global Offering (including the additional Offer Shares which may be made available under the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme) and Shares to be issued under the Capitalization Issue.

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

OVER-ALLOTMENT OPTION

We expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters at any time on or prior to the date which is the 30th day after the last day for the lodging of applications under the Hong Kong

STRUCTURE OF THE GLOBAL OFFERING

Public Offer. Under the Over-allotment Option, the Sole Global Coordinator will have the right to require us to allot and issue up to an aggregate of 50,625,000 additional new Shares, representing in aggregate of approximately 15% of the Offer Shares initially available under the Global Offering to, cover over-allocations in the International Offering, if any. These Shares will be issued at the Offer Price. An announcement will be made if the Over-allotment Option is exercised.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over allocations in connection with the Global Offering, the Stabilizing Manager may choose to borrow, whether on its own or through its affiliates, up to 50,625,000 Shares, representing 15% of the Offer Shares, from Dingxin to cover over allocation under the stock borrowing arrangement (being the maximum number of Offer Shares which may be issued upon exercise of the Over-allotment Option), or acquire Shares from other sources, including exercising the Over-allotment Option.

If such stock borrowing arrangement with Dingxin is entered into, it will only be effected by the Stabilizing Manager or its agent for settlement of over allocation in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are complied with.

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 new securities in the secondary market during a specified period of time, to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and 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, as stabilizing manager on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period up to the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it, to conduct any such stabilizing activity, which if commenced, will be done at the absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it, and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely 50,625,000 Shares, which is approximately 15% of the Offer Shares initially available under the Global Offering.

STRUCTURE OF THE GLOBAL OFFERING

Stabilizing actions permitted in Hong Kong under the Securities and Futures (Price Stabilizing) Rules, as amended, include: (a) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares; (b) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares; (c) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares under the Over-allotment Option in order to close out any position established under (a) or (b) above; (d) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares; (e) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (f) offering or attempting to do anything described in (b), (c), (d) or (e) above.

Specifically, prospective applications for and investors in the 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 regarding 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 position;
- liquidation of any such long position by the Stabilizing Manager, its affiliates or any person acting for it, 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 Thursday, February 11, 2016, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;
- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by the taking of any stabilizing action; and
- stabilizing bids must be made or transactions effected in the course of the stabilizing action 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 Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules, as amended, will be made within seven days of the expiration of the stabilization period.

STRUCTURE OF THE GLOBAL OFFERING

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, January 13, 2016, it is expected that dealings in Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, January 13, 2016.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or about Wednesday, January 6, 2016, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Offering.

The terms of the underwriting arrangements, the Underwriting Agreement are summarized in the section headed “Underwriting” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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** service at www.eipo.com.hk;
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our company, the Sole Global Coordinator, **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 (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 authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, our Company and the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our company and/or any of its subsidiaries;
- a Director or chief executive officer of our company and/or any of its subsidiaries;
- a connected person or a core connected person (as defined in the Listing Rules) of our company or will become a connected person or a core connected person of our company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for or indicated an interest in 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.

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 Thursday, December 31, 2015 until 12:00 noon on Wednesday, January 6, 2016 from:

- (i) the following address of the Hong Kong Underwriters:

ICBC International Securities Limited at 37th Floor, ICBC Tower, 3 Garden Road, Hong Kong.

GF Securities (Hong Kong) Brokerage Limited at 29-30th Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

Guotai Junan Securities (Hong Kong) Limited at 27/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong

HOW TO APPLY FOR HONG KONG OFFER SHARES

Haitong International Securities Company Limited at 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

First Shanghai Securities Limited at 19/F, Wing On House, 71 Des Voeux Road Central, Hong Kong

Oriental Patron Securities Limited at 27th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong

(ii) any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

	Branch name	Address
Hong Kong	West Point Branch	242-244 Queen's Road West, Sai Ying Pun
	Queen's Road Central Branch	122-126 Queen's Road Central, Central
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road
	Quarry Bay Branch	Shop SLG1, Sub-Lower Ground Floor, Westlands Gardens, Nos. 2-12, Westlands Road, Quarry Bay
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Ngau Tau Kok Branch	Shop Nos. G211-214, G/F, Phase II, Amoy Plaza, 77 Ngau Tau Kok Road
	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
	Kwai Fong Branch	C63A-C66, 2/F, Kwai Chung Plaza, Kwai Fong
	Sheung Shui Branch	Shop 2, G/F, San Fung Building, No.33 San Fung Avenue, Shek Wu Hui, Sheung Shui
	Shatin Branch	Shop 22J, Level 3, Shatin Centre

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, December 31, 2015 until 12:00 noon on Wednesday, January 6, 2016 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Ronshine China Holdings Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Thursday, December 31, 2015 — 9:00 a.m. to 5:00 p.m.

Saturday, January 2, 2016 — 9:00 a.m. to 1:00 p.m.

Monday, January 4, 2016 — 9:00 a.m. to 5:00 p.m.

Tuesday, January 5, 2016 — 9:00 a.m. to 5:00 p.m.

Wednesday, January 6, 2016 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, January 6, 2016, the last application day or such later time as described in "— 10. Effect of Bad Weather on the Opening of the Application 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 completing and submitting an Application Form or applying through **White Form eIPO** service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize our Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the 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;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (vi) agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, Receiving Bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, and the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) 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);
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have fulfilled the criteria mentioned in "— Personal Collection" section in the Prospectus to collect share certificate(s) and/or refund cheques) in this section;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** service provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (a) 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 (b) 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 “— 2. Who can apply” in this section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at www.eipo.com.hk.

Detailed instructions for application through **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorize **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 Service

You may submit your application to **White Form eIPO** service at www.eipo.com.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, December 31, 2015 until 11:30 a.m. on Wednesday, January 6, 2016 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, January 6, 2016 or such later time under the “— 10. Effect of Bad Weather on the Opening of the Application Lists” in this section.

HOW TO APPLY FOR HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK\$2 for each “Ronshine China Holdings Limited” **White Form eIPO** application submitted via the www.eipo.com.hk to support the funding of “Source of Dong Jiang — Hong Kong Forest” project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorized to give those instructions as their agent;
- confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
- authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, Receiving Bank, the Sole Global Coordinator, the Underwriters and/or its respective advisors and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the Application Lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is a Saturday, Sunday or

HOW TO APPLY FOR HONG KONG OFFER SHARES

public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the 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.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 500 Hong Kong Offer Shares. Instructions for more than 500 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:

- Thursday, December 31, 2015 — 9:00 a.m. to 8:30 p.m. ⁽¹⁾
- Saturday, January 2, 2016 — 8:00 a.m. to 1:00 p.m. ⁽¹⁾
- Monday, January 4, 2016 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
- Tuesday, January 5, 2016 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
- Wednesday, January 6, 2016 — 8:00 a.m. to 12:00 noon ⁽¹⁾

Note:

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, December 31, 2015 until 12:00 noon on Wednesday, January 6, 2016 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, January 6, 2016, the last application day or such later time as described in the paragraph headed “— 10. 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed “— Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisors and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Joint Bookrunners, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, January 6, 2016.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

HOW TO APPLY FOR HONG KONG OFFER SHARES

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.eipo.com.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure of the Global Offering — Pricing and Allocation” in this prospectus.

HOW TO APPLY FOR HONG KONG OFFER SHARES

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The Application Lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, January 6, 2016. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the Application Lists do not open and close on Wednesday, January 6, 2016 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our 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 Tuesday, January 12, 2016 in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) and on our company’s website at www.rongxinggroup.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company’s website at www.rongxinggroup.com and the Stock Exchange’s website at www.hkexnews.hk by no later than 9:00 a.m. on Tuesday, January 12, 2016;
- from the designated results of allocations website at www.iporesults.com.hk with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Tuesday, January 12, 2016 to 12:00 midnight on Monday, January 18, 2016;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, January 12, 2016 to Friday, January 15, 2016;
- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, January 12, 2016 to Thursday, January 14, 2016 at all the receiving bank’s designated branches.

HOW TO APPLY FOR HONG KONG OFFER SHARES

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure of the Global Offering” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the Application Lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

HOW TO APPLY FOR HONG KONG OFFER SHARES

(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 our Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the Application Lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$6.13 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 Hong Kong 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

Any refund of your application monies will be made on or before Tuesday, January 12, 2016.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public 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 our Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Tuesday, January 12, 2016. 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 Wednesday, January 13, 2016 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.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 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 Tuesday, January 12, 2016 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, January 12, 2016, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, January 12, 2016, 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 Tuesday, January 12, 2016, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS participant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- **If you apply as a CCASS investor participant**

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above.

You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, January 12, 2016 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

- (iii) **If you apply through the 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 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 Tuesday, January 12, 2016, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/ e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, January 12, 2016 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

- (iv) **If you apply via Electronic Application Instructions to HKSCC**

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

HOW TO APPLY FOR HONG KONG OFFER SHARES

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 Tuesday, January 12, 2016, or, on any other date determined by HKSCC or HKSCC Nominees.
- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Tuesday, January 12, 2016. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, January 12, 2016 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, January 12, 2016. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, January 12, 2016.

HOW TO APPLY FOR HONG KONG OFFER SHARES

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

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

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our 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 Sole Sponsor 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

31 December 2015

The Board of Directors
Ronshine China Holdings Limited

ICBC International Capital Limited

Dear Sirs,

We report on the financial information of Ronshine China Holdings Limited (the "Company") and its subsidiaries (together, the "Group"), which comprises the consolidated balance sheets as at 31 December 2012, 2013 and 2014 and 30 June 2015, the balance sheets of the Company as at 31 December 2014 and 30 June 2015, and the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statement of cash flows for each of the years ended 31 December 2012, 2013 and 2014 and the six months ended 30 June 2015 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information. This financial information has been prepared by the directors of the Company and is set out in Sections I to III below for inclusion in Appendix I to the prospectus of the Company dated 31 December 2015 (the "Prospectus") in connection with the initial listing of 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 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. Pursuant to a group reorganisation as described in Note 1.2 of Section II headed "Reorganisation", which was completed on 18 December 2014, 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, joint ventures and an associate as set out in Note 16 and Note 34 of Section II below. All of these companies are private companies or, if incorporated or established outside Hong Kong, have substantially the same characteristics as a Hong Kong incorporated private company.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 place of incorporation. The details of the statutory auditors of these companies are set out in Note 34 of Section II.

The directors of the Company have prepared the consolidated financial statements of the Company 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 directors of the Company are responsible for the preparation of the Underlying Financial Statements that gives a true and fair view in accordance with HKFRSs. We have audited the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing (the “HKSAs”) issued by the HKICPA pursuant to separate terms of engagement with the Company.

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 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 31 December 2014 and 30 June 2015 and of the state of affairs of the Group as at 31 December 2012, 2013 and 2014 and 30 June 2015 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 comparative period financial information set out in Sections I to II 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 statement of cash flows for the six months ended 30 June 2014, 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 Independence 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 HKSAs 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 is not 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 2012, 2013, 2014 and 30 June 2015 and for each of the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015 (the "Financial Information"), presented on the basis set out in Note 1.3 of Section II:

(a) Consolidated income statements

	Note	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	6	1,291,127	2,128,898	4,099,230	902,636	2,106,515
Cost of sales	7	(978,565)	(1,374,229)	(2,959,228)	(607,964)	(1,485,204)
Gross profit		312,562	754,669	1,140,002	294,672	621,311
Selling and marketing costs	7	(101,898)	(174,493)	(288,873)	(120,561)	(166,162)
Administrative expenses	7	(81,489)	(150,337)	(267,006)	(101,279)	(119,820)
Other income		1,631	3,396	3,729	2,014	4,716
Operating profit		130,806	433,235	587,852	74,846	340,045
Finance income - net	9	1,409	2,071	5,025	1,932	5,674
Share of profits of investments accounted for using the equity method, net	16	130,600	324,204	240,724	187,960	116,772
Profit before income tax		262,815	759,510	833,601	264,738	462,491
Income tax expenses	10	(75,270)	(243,782)	(331,962)	(69,288)	(181,407)
Profit for the year/period		<u>187,545</u>	<u>515,728</u>	<u>501,639</u>	<u>195,450</u>	<u>281,084</u>
Profit/(loss) for the year/period attributable to:						
Owners of the Company		187,545	517,691	506,507	197,857	288,806
Non-controlling interests		—	(1,963)	(4,868)	(2,407)	(7,722)
		<u>187,545</u>	<u>515,728</u>	<u>501,639</u>	<u>195,450</u>	<u>281,084</u>
Earnings per share for profit attributable to owners of the Company						
- Basic and diluted	11	<u>1,875</u>	<u>5,177</u>	<u>5,065</u>	<u>1,979</u>	<u>2,888</u>
Dividends	12	<u>—</u>	<u>—</u>	<u>338,000</u>	<u>—</u>	<u>—</u>

Note: The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolutions in writing of the sole shareholder passed on 28 December 2015 (note 35(b)) because the proposed capitalisation issue has not become effective as at the date of this report.

(b) Consolidated statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit for the year/period.....	187,545	515,728	501,639	195,450	281,084
Other comprehensive income	—	—	—	—	—
Total comprehensive income for the year/period.....	<u>187,545</u>	<u>515,728</u>	<u>501,639</u>	<u>195,450</u>	<u>281,084</u>
Attributable to:					
Owners of the Company.....	187,545	517,691	506,507	197,857	288,806
Non-controlling interests.....	—	(1,963)	(4,868)	(2,407)	(7,722)
	<u>187,545</u>	<u>515,728</u>	<u>501,639</u>	<u>195,450</u>	<u>281,084</u>

(c) Consolidated balance sheets

		As at 31 December			As at 30 June
	Note	2012	2013	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment.....	13	28,076	111,250	463,864	632,132
Land use rights	14	330,932	513,393	498,590	492,096
Intangible assets		539	1,520	3,368	3,031
Investments accounted for using the equity method	16	273,391	609,595	2,355,819	2,716,090
Other receivables	19	82,000	2,896	2,691	2,691
Available-for-sale financial assets ..		—	—	1,000	47,000
Deferred tax assets.....	15	21,238	72,291	134,412	162,434
		<u>736,176</u>	<u>1,310,945</u>	<u>3,459,744</u>	<u>4,055,474</u>
Current assets					
Properties under development	18	3,699,834	8,574,473	14,907,113	22,725,202
Completed properties held for sale.	18	1,149,925	920,535	866,423	367,966
Trade and other receivables and prepayments	19	766,716	3,690,376	7,664,116	2,700,324
Amounts due from related parties ..	33	950,823	3,324,359	2,713,147	2,014,266
Amounts due from customers for contract works	20	21,803	63,086	114,627	136,675
Prepaid taxation		95,053	145,660	390,218	383,198
Available-for-sale financial assets ..		16,000	9,000	20,000	—
Term deposits with initial terms of over three months	23	—	5,500	—	—
Restricted cash.....	21	13,526	14,505	741,736	414,945
Cash and cash equivalents.....	22	123,939	696,090	657,637	843,766
		<u>6,837,619</u>	<u>17,443,584</u>	<u>28,075,017</u>	<u>29,586,342</u>
Total assets		7,573,795	18,754,529	31,534,761	33,641,816

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		As at 31 December			As at 30 June
	Note	2012	2013	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000
EQUITY					
Capital and reserves attributable to the owners of the Company					
Share capital.....	24	—	—	—	—
Reserves	25, 26	1,006,776	1,525,908	1,020,877	2,013,016
		1,006,776	1,525,908	1,020,877	2,013,016
Non-controlling interests.....	27, 34(d)	—	13,037	8,169	639,714
Total equity		1,006,776	1,538,945	1,029,046	2,652,730
LIABILITIES					
Non-current liabilities					
Borrowings	28	710,000	4,985,700	10,999,600	9,223,200
Current liabilities					
Trade and other payables	29	587,862	640,588	1,277,317	1,395,940
Amounts due to related parties.....	33	857,772	1,871,328	3,207,622	1,734,837
Dividend payable		—	—	338,000	—
Pre-sale proceeds received from customers		3,260,385	6,088,312	8,099,997	9,343,791
Current income tax liabilities		—	143,316	323,979	271,868
Borrowings	28	1,151,000	3,486,340	6,259,200	9,019,450
		5,857,019	12,229,884	19,506,115	21,765,886
Total liabilities		6,567,019	17,215,584	30,505,715	30,989,086
Total equity and liabilities		7,573,795	18,754,529	31,534,761	33,641,816
Net current assets		980,600	5,213,700	8,568,902	7,820,456
Total assets less current liabilities		1,716,776	6,524,645	12,028,646	11,875,930

(d) Balance sheets

		As at 31 December	As at 30 June
	Note	2014	2015
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries.....	34	1	1
Current assets			
Prepayments	19	4,950	7,250
Cash and cash equivalents		—	—
		4,950	7,250
Total assets		4,951	7,251
EQUITY			
Equity attributable to owners of the Company			
Share capital	24	—	—
Accumulated losses		(14,420)	(21,501)
		(14,420)	(21,501)
LIABILITIES			
Current liabilities			
Other payables	29	10,257	16,683
Amounts due to a subsidiary		9,114	12,069
		19,371	28,752
Total liabilities		19,371	28,752
Total equity and liabilities		4,951	7,251
Net current liabilities		(14,421)	(21,502)
Total assets less current liabilities		(14,420)	(21,501)

(e) Consolidated statements of changes in equity

	Attributable to the owners of the Company						
				(Accumulated losses)/ retained earnings		Non- controlling interests	Total equity
	Share capital	Capital reserves	Statutory reserves		Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 24)	(Note 25)	(Note 26)			(Note 27 and 34(d))	
Balance at 1 January 2012	—	340,000	—	(17,069)	322,931	—	322,931
Comprehensive income							
- Profit for the year.....	—	—	—	187,545	187,545	—	187,545
- Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	187,545	187,545	—	187,545
Capitalisation of amounts due to the then shareholders of the Group.....	—	496,300	—	—	496,300	—	496,300
Balance at 31 December 2012....	—	836,300	—	170,476	1,006,776	—	1,006,776
Balance at 1 January 2013	—	836,300	—	170,476	1,006,776	—	1,006,776
Comprehensive income							
- Profit/(loss) for the year	—	—	—	517,691	517,691	(1,963)	515,728
- Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	517,691	517,691	(1,963)	515,728
Deemed contributions from the then shareholders of the Group.....	—	1,441	—	—	1,441	—	1,441
Capital injection from non-controlling interests	—	—	—	—	—	15,000	15,000
Balance at 31 December 2013....	—	837,741	—	688,167	1,525,908	13,037	1,538,945
Balance at 1 January 2014	—	837,741	—	688,167	1,525,908	13,037	1,538,945
Comprehensive income							
- Profit/(loss) for the year	—	—	—	506,507	506,507	(4,868)	501,639
- Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	506,507	506,507	(4,868)	501,639
Transfer to statutory reserves.....	—	—	163,493	(163,493)	—	—	—
Capital injection from the then shareholders of the Group (note 1.2 (e)).....	—	100,000	—	—	100,000	—	100,000
Dividends declared to the then shareholders of the Group	—	—	—	(338,000)	(338,000)	—	(338,000)
Deemed distributions to the then shareholders of the Group (note 1.2(h),(i))	—	(773,538)	—	—	(773,538)	—	(773,538)
Balance at 31 December 2014....	—	164,203	163,493	693,181	1,020,877	8,169	1,029,046

	Attributable to the owners of the Company						
	Share capital	Capital reserves	Statutory reserves	(Accumulated losses)/ retained earnings	Total	Non- controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 24)	(Note 25)	(Note 26)			(Note 27 and 34(d))	
Balance at 1 January 2015	—	164,203	163,493	693,181	1,020,877	8,169	1,029,046
Comprehensive income							
- Profit/(loss) for the period	—	—	—	288,806	288,806	(7,722)	281,084
- Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	288,806	288,806	(7,722)	281,084
Capital injection from non-controlling interests (note 27)	—	703,333	—	—	703,333	639,267	1,342,600
Balance at 30 June 2015	—	867,536	163,493	981,987	2,013,016	639,714	2,652,730
Unaudited:							
Balance at 1 January 2014	—	837,741	—	688,167	1,525,908	13,037	1,538,945
Comprehensive income							
- Profit/(loss) for the period	—	—	—	197,857	197,857	(2,407)	195,450
- Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	197,857	197,857	(2,407)	195,450
Balance at 30 June 2014	—	837,741	—	886,024	1,723,765	10,630	1,734,395

(f) Consolidated statements of cash flows

		Year ended 31 December			Six months ended 30 June	
	Note	2012	2013	2014	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash (used in)/generated from operations	30	(39,020)	(3,502,157)	(5,885,569)	(3,692,677)	414,836
PRC corporate income tax paid.		(32,530)	(84,874)	(146,188)	(97,339)	(56,048)
PRC land appreciation tax paid.		(85,342)	(117,252)	(311,790)	(203,255)	(198,472)
Net cash (used in)/generated from operating activities		(156,892)	(3,704,283)	(6,343,547)	(3,993,271)	160,316
Cash flows from investing activities						
Payments for purchase of property and equipment.....		(16,795)	(68,738)	(290,802)	(114,205)	(167,523)
Payments for purchase of intangible assets.....		(657)	(1,324)	(2,800)	(757)	(193)
Payments for purchase of land use rights of properties for own use		(327,271)	(190,676)	—	—	—
Proceeds from disposal of property and equipment.....		6	429	1,589	630	1,294
Capital injection to joint ventures		(10,000)	(10,000)	(1,407,500)	(1,017,300)	(243,500)
Capital injection to an associate		—	(2,000)	(98,000)	(98,000)	—
Payments for acquisition of available-for-sale financial assets		—	(9,000)	(21,000)	(6,800)	(46,000)
Proceeds from disposal of available-for-sale financial assets		—	16,000	9,000	9,000	20,000
Proceeds from disposal of subsidiaries to the then shareholders of the Group		—	1,441	—	—	—
Cash advances to related parties.....	33(d)(iii)	(382,096)	(3,204,359)	(717,579)	(217,465)	—

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	Note	Year ended 31 December			Six months ended 30 June	
		2012	2013	2014	2014	2015
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Repayments from related parties.....	33(d)(iii)	228,503	830,823	1,484,999	1,155,380	698,881
Prepayment for investment in a joint venture		—	(156,208)	—	—	—
Interest received		1,409	2,071	5,025	1,932	5,674
(Increase)/decrease in term deposits with initial terms of over three months		—	(5,500)	5,500	5,500	—
Net cash (used in)/generated from investing activities.....		(506,901)	(2,797,041)	(1,031,568)	(282,085)	268,633
Cash flows from financing activities						
Proceeds from borrowings.....		1,355,000	7,759,040	14,075,042	6,058,742	7,581,700
Repayment of borrowings		(1,330,300)	(1,148,000)	(5,288,282)	(2,062,060)	(6,597,850)
Cash advances from related parties.....	33(d)(iii)	1,787,653	1,448,058	811,150	808,801	52,000
Repayments to related parties ...	33(d)(iii)	(828,784)	(434,666)	(255,352)	—	(1,530,875)
Capital injection from the then shareholders of the Group		—	—	100,000	—	—
Capital injection from non-controlling interests.....		—	15,000	—	—	1,342,600
Dividends paid to the then shareholders		—	—	—	—	(338,000)
Interest paid.....		(312,739)	(566,992)	(1,506,099)	(619,442)	(1,047,705)
Restricted cash pledged for borrowings		—	(2,000)	(599,802)	(118,500)	(866,431)
Restricted cash released		289	3,035	5	5	1,161,741
Net cash generated from/(used in) financing activities		671,119	7,073,475	7,336,662	4,067,546	(242,820)
Net increase/(decrease) in cash and cash equivalents ...		7,326	572,151	(38,453)	(207,810)	186,129
Cash and cash equivalents at beginning of the year/period .		116,613	123,939	696,090	696,090	657,637
Cash and cash equivalents at end of the year/period		<u>123,939</u>	<u>696,090</u>	<u>657,637</u>	<u>488,280</u>	<u>843,766</u>

II. NOTES TO THE FINANCIAL INFORMATION**1. General information, reorganisation and basis of presentation****1.1 General information**

Ronshine China Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P O Box 2681, Grand Cayman, KY1-111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries now comprising the group (the “Group”) are principally engaged in property development business (the “Listing Business”) in the People’s Republic of China (the “PRC”).

The Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

1.2 Reorganisation

Prior to the completion of the reorganisation (the “Reorganisation”) as described below, the Listing Business was principally operated by Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”) and its subsidiaries. The Listing Business is ultimately controlled by Mr. Ou Zonghong (歐宗洪, “Mr. Ou” or “Controlling Shareholder”) throughout the Relevant Periods.

Prior to the completion of the Reorganisation, Rongxin Group also held certain subsidiaries engaged in construction of highway, property investments and management, hotel construction and operations (collectively, the “Non-listing Business”). The Listing Business and the Non-listing Business are operated independently and managed by different management teams. For the purpose of this report, only the financial information of the Listing Business was included throughout the Relevant Periods.

In preparing for the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing”), the Reorganisation was undertaken pursuant to which the group companies engaged in the Listing Business and controlled by Rongxin Group were transferred to the Company. The Reorganisation involves the following major steps:

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 11 September 2014, all the issued ordinary shares were held by Dingxin Company Limited, a company wholly owned by Mr. Ou Guofei (歐國飛, family member of Mr. Ou).
- (b) Rongda Company Limited was incorporated in the British Virgin Islands (the “BVI”) with limited liability on 11 September 2014 by the Company.

- (c) Rongtai Company Limited was incorporated in Hong Kong with limited liability on 26 September 2014 by Rongda Company Limited.
- (d) On 28 October 2014, Fujian Rongshengmei Business Information Consultancy Company Limited (“Fujian Rongshengmei”) was established by Rongtai Company Limited as a wholly foreign-owned enterprise in the PRC.
- (e) On 9 September 2014, Fuzhou Shengye Investment Company Limited (“Fuzhou Shengye”) was established in the PRC by Fujian Dingcheng Investment Co., Ltd. (“Dingcheng Investment”, a company controlled by Mr. Ou and held 49% equity interest in Rongxin Group before the Reorganisation), with the registered capital of RMB100,000,000 which has been fully contributed by Dingcheng Investment.
- (f) On 12 September 2014, Fuzhou Yiheng Investment Company Limited (“Fuzhou Yiheng”) was established in the PRC by Fuzhou Shengye.
- (g) On 15 September 2014, the registered capital of Rongxin Group was increased from RMB666,670,000 to RMB3,000,000,000, with the additional capital contributed by Fuzhou Yiheng. Following such increase in registered capital, Rongxin Group was 10.96%, 0.37%, 10.89% and 77.78% owned by Mr. Ou, Ms. Xu Lixiang (“Ms. Xu”, spouse of Mr. Ou), Dingcheng Investment and Fuzhou Yiheng respectively.
- (h) On 18 December 2014, Fuzhou Yiheng acquired the 10.96%, 0.37% and 10.89% equity interests in Rongxin Group from Mr. Ou, Ms. Xu and Dingcheng Investment, respectively, at a total consideration of RMB673,538,000. As a result of the acquisition, Rongxin Group became a wholly-owned subsidiary of Fuzhou Yiheng.
- (i) On 18 December 2014, Fujian Rongshengmei acquired the entire equity interests in Fuzhou Shengye from Dingcheng Investment at a consideration of RMB100,000,000. As a result of the acquisition, Fuzhou Shengye became a wholly-owned subsidiary of Fujian Rongshengmei and accordingly, Rongxin Group became an indirectly wholly-owned subsidiary of the Company.

After the completion of Reorganisation steps as described above, the Company became the holding company of the subsidiaries now comprising the Group.

1.3 *Basis of presentation*

Immediately prior to and after the Reorganisation, the Listing Business is conducted through Rongxin Group and its subsidiaries and is ultimately controlled by Mr. Ou. Pursuant to the Reorganisation, the Listing Business was transferred to and held by the Company. The Company has not been involved in any other 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 and the ultimate owner of the Listing Business remained the same. Accordingly, the Financial Information of the Group is presented using the carrying values of the Listing Business under Rongxin Group for all periods presented.

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 during the Relevant Periods.

2.1 Basis of preparation

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA which has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The Financial Information are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for all the periods presented.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Financial Information are disclosed in Note 4.

Up to the date of issuance of this report, the HKICPA has issued the following new standards, amendments and interpretation which are not yet effective during the Relevant Periods and have not been early adopted by the Group:

HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations ¹
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation ¹
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ¹
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception ¹
HKAS 27 (Amendment)	Equity method in separate financial statements ¹
Annual improvements 2014	Annual Improvements 2012—2014 cycle ¹
HKAS 1 (Amendment)	Disclosure initiative ¹
HKFRS 14	Regulatory Deferral Accounts ¹
HKAS 16 and HKAS 41	Agriculture: bearer plants ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 9	Financial Instruments ²

1 Effective for annual periods beginning on or after 1 January 2016.

2 Effective for annual periods beginning on or after 1 January 2018.

The above new standards, interpretation and amendments to existing standards will be adopted in the years listed above and the Group is in the process of assessing the financial impact in future accounting periods.

In addition, the requirements of revised listing rules on disclosure of financial information with reference to the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year ending on or after 31 December 2015. The Group is in the process of making an assessment of expected impact of the changes. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

The Group finances its property development projects primarily through funding obtained from financial institutions and the proceeds from pre-sale of properties. The directors of the Company closely monitor the Group's financial performance and liquidity requirements to safeguard the Group's ability to continue as a going concern. To cope with the rapid expansion of the Group's businesses, the Group raised significant amounts of borrowings during the two years ended 31 December 2013 and 2014 and the six months ended 30 June 2015. Total borrowings of the Group increased from RMB1,861 million as of 31 December 2012 to RMB18,243 million as of 30 June 2015, of which RMB9,019 million were due within one year as of 30 June 2015. As of 30 June 2015, the Group's cash and cash equivalents amounted to RMB844 million. Meanwhile, the Group's operating cash outflows amounted to RMB3,704 million and RMB6,344 million for the years ended 31 December 2013 and 2014, respectively, which comprised mainly the payments for acquisition of land use rights for property development projects. In view of the increased borrowings and the operating cash outflows for consecutive years, the directors have reviewed the working capital forecast of the Group covering a period of not less than 12 months from 30 June 2015. The working capital forecast was prepared based on the key assumptions as detailed in note 3.1.3. Based on the forecast, the sufficiency of the Group's working capital for the next 12 months depends on the Group's ability to obtain the anticipated cash inflows from the pre-sale proceeds of properties and the availability of additional borrowings from financial institutions. The directors, after considering the basis of the working capital forecast and after taking into account the reasonably possible changes in the operational performance, the availability of the additional borrowings from the financial institutions as well as the alternative mitigation plans, are of the opinion that, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the date of the balance sheet. Accordingly, the directors consider the preparation of the Financial Information on a going concern basis is appropriate.

2.2 *Subsidiaries*

2.2.1 *Consolidation*

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 Rongxin Group prior to the completion of the Reorganisation. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. 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. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer'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.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous 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 interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(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 of the subsidiary 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.

2.3 *Associates*

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statements.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's Financial Information only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.4 *Joint arrangements*

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

2.5 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company.

2.6 *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"). This Financial Information is presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(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 when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements.

2.7 *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. 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 are charged to the consolidated income statements during the Relevant Periods in which they are incurred. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	3-5 years
Motor vehicles	4 years

The assets' residual values and useful lives 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 the proceeds with the carrying amount.

Assets under construction are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property and equipment and depreciated in accordance with the policy as stated above.

The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.8 *Intangible assets*

Computer software

Acquired computer software licences are 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 (4 to 10 years).

2.9 *Investment property*

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 properties that are being constructed or developed for future use as investment properties. 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 property is 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 statement as part of a valuation gain or loss. During the Relevant Periods, the investment properties of the Group are held by a joint venture.

2.10 *Impairment of non-financial assets*

Assets that have an indefinite useful life are not subject to depreciation and amortisation and are tested annually for impairment. Assets that are subject to depreciation and 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 purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating unit"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 *Properties under development and completed properties held for sale*

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of property comprises mainly cost of land use rights, construction costs, borrowing costs, and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.12 *Financial assets*

2.12.1 *Classification*

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. This classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) 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 the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's loans and receivables comprise "trade and other receivables", "amounts due from related parties", "restricted cash", "cash and cash equivalents", "term deposits with initial terms of over three months" in the consolidated balance sheets.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either so designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting period.

2.12.2 *Recognition and measurement*

Regular 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 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. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statements.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statements when the Group's right to receive payments is established.

2.13 *Offsetting financial instruments*

Financial assets and liabilities are offset and the net amount reported in the 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.

2.14 *Impairment of financial assets*

(a) *Assets carried at amortised cost*

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 are 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 indicates 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 profit or loss. As a practical expedient, the Group may measure impairment on the basis of fair value of an instrument 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.

(b) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income

statements on equity instruments are not reversed through the consolidated income statements. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statements.

2.15 *Construction contracts*

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the “percentage-of-completion” method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the consolidated balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2.16 *Leasing*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 *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

under development or completed properties held for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods.

2.18 *Trade and other receivables*

Trade receivables are amounts due from customers for properties sold 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.

2.19 *Cash and cash equivalents, restricted cash and term deposits with initial terms of over three months*

In the consolidated statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in “restricted cash” of the consolidated balance sheet. Bank deposits with initial terms of over three months are included in “term deposits with initial terms of over three months” in the consolidated balance sheet. Restricted cash and term deposits with initial terms of over three months are excluded from cash and cash equivalents.

2.20 *Share capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21 *Trade and other payables*

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (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.

2.22 *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 statement 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 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, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 *Current and deferred income tax*

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, 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 Group's 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 and 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 financial information. However, 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 the tax rates that have been enacted or substantially 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 liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, 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. Generally the group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(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.

2.24 *Employee benefits*

(a) *Pension obligations*

The group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contributions plans are expensed as incurred.

(b) *Housing benefits*

PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable 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 expenditures 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.

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of properties and services provided, stated net of discounts returns and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and the specifics of each arrangement.

(a) *Sales of properties*

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets as "pre-sale proceeds received from customers" under current liabilities.

(b) *Construction contracts*

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion (Note 2.15).

(c) *Interest income*

Interest income is recognised using the effective interest method.

2.27 Financial guarantee liabilities

Financial guarantee contracts in the scope of HKAS39 “Financial Instrument: Recognition and Measurement” are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contracts 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.

2.28 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. Dividend distribution to the then shareholders of the group companies during the period before the Reorganisation was completed is recognised as a liability in the Group’s financial statements in the period in which the dividends are approved by the directors of the respective group companies.

3. Financial risk management

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: interest rate risk, credit risk, and liquidity risk. The Group’s principal activities are conducted in RMB. The directors are of the opinion that the Group’s activities do not expose it to any significant foreign exchange risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance.

3.1.1 Interest rate risk

The Group’s interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group’s interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2012, 2013, 2014 and 30 June 2015, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2015 would increase/decrease RMB18,610,000, RMB16,730,000, RMB19,741,000 and RMB11,056,000, respectively, most of which have been capitalised in qualified assets.

3.1.2 Credit risk

The Group has no concentrations on credit risk. Cash transactions are limited to high credit quality institutions. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), term deposits with initial terms of over three months, restricted cash, trade and other receivables, amounts due from related parties and available-for-sale financial assets shown in the consolidated balance sheets.

As at 31 December 2012, 2013, 2014 and 30 June 2015, substantially all the Group's bank deposits are deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2012, 2013, 2014 and 30 June 2015 are as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Big four commercial banks of the PRC (i).....	72,283	475,318	320,261	480,396
Other listed banks incorporated in the PRC.....	54,421	210,414	906,196	509,957
Other non-listed banks incorporated in the PRC	10,715	30,272	172,860	268,330
	<u>137,419</u>	<u>716,004</u>	<u>1,399,317</u>	<u>1,258,683</u>

Note:

- (i) Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 31. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, amounts due from other related parties, amounts due from an associate and amounts due from joint ventures, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counter parties is low.

3.1.3 *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The rapid expansion of the Group's businesses was mainly financed by external borrowings. Total borrowings of the Group increased from RMB1,861 million as of 31 December 2012 to RMB18,243 million as of 30 June 2015, of which RMB9,019 million will be due within one year as of 30 June 2015. In addition, in connection with the Reorganisation (Note 1.2(h)), the Group paid amounts, including the dividend distribution (Note 12), totalling RMB1,012 million to the then controlling shareholders of the Group which significantly reduced the Group's net asset base. In order to properly manage the Group's liquidity risk and capital structure, Dingxin Company Limited has injected cash totalling US\$161 million (equivalent to RMB1,000 million) to the Company as capital contributions in July and August 2015. Moreover, the Group completed the disposal of the 49% equity interest in three projects to Fujian Oushi Construction Development Co., Ltd. (福建歐氏建設發展有限公司, "Fujian Oushi Construction"), a company controlled by a family member of Mr. Ou, at total considerations amounting to RMB1,648 million, of which RMB1,343 million have been received before 30 June 2015 and RMB305 million was received in July 2015 (Note 27).

The directors of the Company have prepared working capital forecast covering a period of not less than 12 months from 30 June 2015 (the “Forecast Period”). Key assumptions used in the preparation of the working capital forecast for the Forecast Period are set out below:

- (1) There will be no material delay in the property development schedules especially the timing of completion and delivery of property development projects which the Group and its joint ventures and associate are currently developing, so that the Group and its joint ventures and associate have sufficient properties available for sale and pre-sale during the Forecast Period;
- (2) Unit selling price of the properties of the Group and its joint ventures and associate in the Forecast Period is not expected to fluctuate significantly from that of the year ended 31 December 2014 and the six months ended 30 June 2015 and the real estate market in the regions where their property development projects are located will not significantly change from the management’s estimation;
- (3) On 14 October 2014, the Group entered into a strategic agreement with a financial institution for raising trust loans totalling RMB6,500 million to finance a property development project of the Group. These borrowings are raised phase by phase according to the development progress of the project and repayable according to the pre-sales progress of the project or no later than 3 years from the date of each draw-down. Up to 30 June 2015, borrowings totalling RMB3,400 million have been raised by and drawn down from this financial institution. Management estimates the remaining RMB3,100 million will be raised and utilised by the Group in line with the development progress of the project; and
- (4) The land bank obtained by the Group and its joint ventures and associate as of 30 June 2015 is sufficient for their property development in the Forecast Period, the Group and its joint ventures and associate plan to launch the property projects phase by phase during the Forecast Period. There will be no significant acquisition of land use rights during the Forecast Period.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing, seeking joint venture partners to develop projects, and disposal of certain land use rights or projects under development with acceptable prices. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

APPENDIX I**ACCOUNTANT'S REPORT**

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2012				
Borrowings	1,278,625	53,628	744,557	2,076,810
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable ...	569,865	—	—	569,865
Amounts due to related parties.....	857,772	—	—	857,772
Financial guarantee	<u>2,145,071</u>	<u>—</u>	<u>—</u>	<u>2,145,071</u>
As at 31 December 2013				
Borrowings	4,261,018	2,989,650	2,670,438	9,921,106
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable ...	606,772	—	—	606,772
Amounts due to related parties.....	1,871,328	—	—	1,871,328
Financial guarantee	<u>3,032,062</u>	<u>—</u>	<u>—</u>	<u>3,032,062</u>
As at 31 December 2014				
Borrowings	7,955,924	8,185,288	4,180,489	20,321,701
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable ...	1,216,759	—	—	1,216,759
Amounts due to related parties.....	3,207,622	—	—	3,207,622
Dividend payable	338,000	—	—	338,000
Financial guarantee	<u>5,672,551</u>	<u>—</u>	<u>—</u>	<u>5,672,551</u>
As at 30 June 2015				
Borrowings	10,809,114	10,086,039	179,928	21,075,081
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable ...	1,352,896	—	—	1,352,896
Amounts due to related parties.....	1,734,837	—	—	1,734,837
Financial guarantee	<u>7,512,322</u>	<u>—</u>	<u>—</u>	<u>7,512,322</u>

3.2 Capital 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 the owner and benefits for other stakeholders 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 the owner, 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 borrowings divided by total capital. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Total borrowings (Note 28)	1,861,000	8,472,040	17,258,800	18,242,650
Less: Cash and cash equivalents				
(Note 22)	(123,939)	(696,090)	(657,637)	(843,766)
Restricted cash (Note 21)	(13,526)	(14,505)	(741,736)	(414,945)
Net borrowings	1,723,535	7,761,445	15,859,427	16,983,939
Total equity	1,006,776	1,538,945	1,029,046	2,652,730
Total capital	2,730,311	9,300,390	16,888,473	19,636,669
Gearing ratio	0.63	0.83	0.94	0.86

The gearing ratios were keeping at a comparatively high level as at 31 December 2012, 2013, 2014 and 30 June 2015, as the Group's businesses were rapidly expanded during the Relevant Periods which is mainly financed by external borrowings.

3.3 Fair value estimation

Certain of the assets of the Group are 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 available-for-sale financial assets are measured at fair value, which is grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, are used to determine fair value for the available-for-sale financial assets. There were no changes in level 3 instruments during the Relevant Periods.

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, amounts due from related parties, available-for-sale financial assets and term deposits with initial terms of over three months, the Group's financial liabilities include trade and other payables, dividend payable, amounts due to related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

4. Critical accounting estimates and judgments

Estimates and judgments used in preparing the Financial Information are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group 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 may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Income taxes and deferred taxation*

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the provision for income taxes. There are many 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 were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Deferred income 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.

(b) *PRC land appreciation taxes*

The Group is subject to land appreciation taxes in the PRC. The Group has not finalised its PRC land appreciation taxes calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and the related land appreciation taxes. The Group recognised the land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

(c) *Fair value of investment properties held by joint ventures*

Investment properties in joint ventures, including those completed investment properties and investment properties under construction, are carried at their fair value. The fair value of the investment properties was determined by reference to valuations conducted on these properties by independent property valuers using property valuation techniques which involve certain assumptions of prevailing market conditions. Favourable or unfavourable changes to these assumptions may result in changes in the fair value of the joint ventures' investment properties, which will lead to the change of share of results of joint ventures in the Financial Information.

5. **Segment information**

The Executive Directors have been identified as the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the directors of the Company regards that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC during the Relevant Periods.

As at 31 December 2012, 2013, 2014 and 30 June 2015, all of non-current assets of the Group were located in the PRC.

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenues during the Relevant Periods.

6. **Revenue**

Revenue of the Group for each of the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015 are as follow:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue from sales of properties	1,265,073	2,075,439	3,996,186	878,936	2,073,632
Revenue from construction contracts (note 20).....	26,054	53,459	103,044	23,700	32,883
	<u>1,291,127</u>	<u>2,128,898</u>	<u>4,099,230</u>	<u>902,636</u>	<u>2,106,515</u>

7. Expenses by nature

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of properties sold (excluding staff costs)	876,071	1,196,513	2,623,794	531,393	1,322,751
Cost of construction contract (excluding staff costs).....	20,043	41,126	86,287	18,233	29,692
Staff costs (including directors' emoluments) (Note 8).....	49,134	85,787	152,568	60,462	75,184
Business taxes and other taxes	81,715	146,289	273,314	63,661	126,021
Marketing and advertising costs	80,378	131,032	207,428	90,682	115,761
Office lease payments	2,987	7,601	19,837	9,839	11,929
Property management fees....	8,727	13,047	27,590	9,686	17,199
Office and travelling expenses	5,154	12,648	21,843	7,271	9,359
Entertainment expenses	14,179	14,810	15,268	6,660	5,850
Depreciation (Note 13).....	5,048	8,365	12,756	5,966	7,438
Listing expenses	—	—	14,420	960	7,081
Auditors' remuneration	237	693	852	277	388
Amortisation of intangible assets.....	118	343	952	305	530
Other expenses.....	18,161	40,805	58,198	24,409	42,003
Total cost of sales, selling and marketing costs and administrative expenses	<u>1,161,952</u>	<u>1,699,059</u>	<u>3,515,107</u>	<u>829,804</u>	<u>1,771,186</u>

8. Staff costs - including directors' emoluments

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages, salaries and bonuses and other benefits	46,027	80,109	141,194	56,506	69,209
Pension costs - statutory pension	3,107	5,678	11,374	3,956	5,975
	49,134	85,787	152,568	60,462	75,184

(a) Directors' emoluments

The directors' emoluments paid/payable by the companies now comprising the Group during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Salaries and other benefits ...	2,132	3,323	5,933	2,897	2,903
Pension costs	78	106	116	56	56
	2,210	3,429	6,049	2,953	2,959

The emoluments received by individual directors are presented as below:

(i) For the year ended 31 December 2012

Name of Directors	Fees	Salaries and other benefits	Contribution to retirement scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ou Zonghong	—	704	26	730
Mr. Wu Jian	—	764	26	790
Mr. Lin Junling	—	664	26	690
Mr. Gao Chuanjian (note vi)	—	—	—	—
	—	2,132	78	2,210

APPENDIX I**ACCOUNTANT'S REPORT**(ii) *For the year ended 31 December 2013*

Name of Directors	Fees	Salaries and other benefits	Contribution to	Total
			retirement scheme	
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ou Zonghong	—	883	29	912
Mr. Wu Jian	—	823	29	852
Mr. Lin Junling	—	883	29	912
Mr. Gao Chuanjian	—	734	19	753
	—	3,323	106	3,429

(iii) *For the year ended 31 December 2014*

Name of Directors	Fees	Salaries and other benefits	Contribution to	Total
			retirement scheme	
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ou Zonghong	—	1,398	29	1,427
Mr. Wu Jian	—	1,488	29	1,517
Mr. Lin Junling	—	1,410	29	1,439
Mr. Gao Chuanjian	—	1,637	29	1,666
	—	5,933	116	6,049

(iv) *For the six months ended 30 June 2015*

Name of Directors	Fees	Salaries and other benefits	Contribution to	Total
			retirement scheme	
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ou Zonghong	—	674	14	688
Mr. Wu Jian	—	732	14	746
Mr. Lin Junling	—	703	14	717
Mr. Gao Chuanjian	—	794	14	808
	—	2,903	56	2,959

(v) *For the six months ended 30 June 2014 (Unaudited)*

Name of Directors	Fees	Salaries and other benefits	Contribution to	Total
			retirement scheme	
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Ou Zonghong	—	674	14	688
Mr. Wu Jian	—	756	14	770
Mr. Lin Junling	—	674	14	688
Mr. Gao Chuanjian	—	793	14	807
	—	2,897	56	2,953

During the Relevant Periods, none of the directors of the Company waived his emoluments nor has agreed to waive his emoluments.

(vi) Mr. Gao Chuanjian joined the Group in April 2013 and was appointed as a director in December 2014. He has resigned the director position in July 2015.

(vii) Ms. Zeng Feiyan was appointed as a director in July 2015.

(b) ***Five highest paid individuals***

For the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015, the five individuals whose emoluments were the highest in the Group included three, three, three, three and four directors, respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two, two, two, two and one individuals during the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Wages and salaries	840	1,780	3,030	1,459	731
Pension costs	52	53	58	28	14
	892	1,833	3,088	1,487	745

The emoluments payable to the remaining two, two, two, two and one individuals during the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015 fell within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Annual emolument band					
Nil — HKD1,000,000	2	—	—	—	—
HKD1,000,000 —					
HKD2,000,000	—	2	2	2	1

During the Relevant Periods, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(c) *Pensions scheme - defined contribution plans*

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

9. Finance income — net

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Finance costs					
- Bank and other borrowings wholly repayable within 5 years	269,448	534,051	1,511,122	705,710	1,099,009
- Cash advances from related parties wholly repayable within 5 years	38,208	31,311	—	—	—
- Less: capitalised interest	(307,656)	(565,362)	(1,511,122)	(705,710)	(1,099,009)
	—	—	—	—	—
Finance income					
- Interest income from bank deposits	1,409	2,071	5,025	1,932	5,674
Finance income - net	<u>1,409</u>	<u>2,071</u>	<u>5,025</u>	<u>1,932</u>	<u>5,674</u>

10. Income tax expense

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Current income tax:					
- PRC corporate income tax	39,324	119,916	164,298	49,593	87,937
- PRC land appreciation tax	51,717	174,919	229,785	64,882	121,492
Deferred income tax (Note 15)	(15,771)	(51,053)	(62,121)	(45,187)	(28,022)
	<u>75,270</u>	<u>243,782</u>	<u>331,962</u>	<u>69,288</u>	<u>181,407</u>

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Profit before income tax	262,815	759,510	833,601	264,738	462,491
Less: share of profit of joint ventures and an associate reported net of tax.....	(130,600)	(324,204)	(240,724)	(187,960)	(116,772)
	<u>132,215</u>	<u>435,306</u>	<u>592,877</u>	<u>76,778</u>	<u>345,719</u>
Tax calculated at applicable corporate income tax rate	33,054	108,827	148,219	19,195	86,430
Effect of expenses not deductible for income tax purpose.....	3,428	3,766	11,404	1,432	3,858
PRC land appreciation tax deductible for income tax purpose	(12,929)	(43,730)	(57,446)	(16,221)	(30,373)
Corporate income tax	23,553	68,863	102,177	4,406	59,915
PRC land appreciation tax ..	51,717	174,919	229,785	64,882	121,492
	<u>75,270</u>	<u>243,782</u>	<u>331,962</u>	<u>69,288</u>	<u>181,407</u>

PRC corporate income tax

The income tax provision of the Group in respect of operations in mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the BVI was incorporated under the BVI Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax. The Group's subsidiary in the Hong Kong is subject to corporate income tax at the rate of 16.5%.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

11. Earnings per share

According to the basis of presentation as disclosed in the note 1.2, 100 ordinary shares of the Company issued and fully paid as at 31 December 2014 were treated as if they had been in issue throughout the Relevant Periods.

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
				(Unaudited)	
Profit attributable to owners of the Company (RMB'000)	187,545	517,691	506,507	197,857	288,806
Weighted average number of shares in issue	100	100	100	100	100
Basic earnings per share (RMB'000)	<u>1,875</u>	<u>5,177</u>	<u>5,065</u>	<u>1,979</u>	<u>2,888</u>

The Company did not have any potential ordinary shares outstanding during the Relevant Periods. Diluted earnings per share are equal to basic earnings per share.

12. Dividend

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Dividends declared by					
Rongxin Group to its then					
shareholders	—	—	338,000	—	—

Dividend of RMB338,000,000 has been declared by Rongxin Group to its then shareholders on 5 December 2014.

The rates for dividend and the number of shares ranking for dividend is not presented as such information is not considered meaningful for the purpose of this report.

13. Property, plant and equipment

	Buildings and leasehold improvements	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012					
Cost	10,305	4,693	14,473	—	29,471
Accumulated depreciation ...	(3,146)	(2,021)	(9,677)	—	(14,844)
Net book amount	<u>7,159</u>	<u>2,672</u>	<u>4,796</u>	<u>—</u>	<u>14,627</u>
Year ended 31 December 2012					
Opening net book amount ...	7,159	2,672	4,796	—	14,627
Additions	352	1,523	14,443	2,185	18,503
Disposals	—	(6)	—	—	(6)
Depreciation	(937)	(1,181)	(2,930)	—	(5,048)
Closing net book amount	<u>6,574</u>	<u>3,008</u>	<u>16,309</u>	<u>2,185</u>	<u>28,076</u>
At 31 December 2012					
Cost	10,657	6,103	28,916	2,185	47,861
Accumulated depreciation ...	(4,083)	(3,095)	(12,607)	—	(19,785)
Net book amount	<u>6,574</u>	<u>3,008</u>	<u>16,309</u>	<u>2,185</u>	<u>28,076</u>
Year ended 31 December 2013					
Opening net book amount ...	6,574	3,008	16,309	2,185	28,076
Additions	3,637	2,383	7,247	78,615	91,882
Disposals	—	(4)	(339)	—	(343)
Depreciation	(1,164)	(1,546)	(5,655)	—	(8,365)
Closing net book amount	<u>9,047</u>	<u>3,841</u>	<u>17,562</u>	<u>80,800</u>	<u>111,250</u>
At 31 December 2013					
Cost	14,294	8,402	29,386	80,800	132,882
Accumulated depreciation ...	(5,247)	(4,561)	(11,824)	—	(21,632)
Net book amount	<u>9,047</u>	<u>3,841</u>	<u>17,562</u>	<u>80,800</u>	<u>111,250</u>

	Buildings and leasehold improvements	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December					
2014					
Opening net book amount ...	9,047	3,841	17,562	80,800	111,250
Additions	4,330	14,111	3,443	344,399	366,283
Disposals	—	(584)	(329)	—	(913)
Depreciation	(3,421)	(3,006)	(6,329)	—	(12,756)
Closing net book amount	<u>9,956</u>	<u>14,362</u>	<u>14,347</u>	<u>425,199</u>	<u>463,864</u>
At 31 December 2014					
Cost	18,624	21,757	31,045	425,199	496,625
Accumulated depreciation ...	(8,668)	(7,395)	(16,698)	—	(32,761)
Net book amount	<u>9,956</u>	<u>14,362</u>	<u>14,347</u>	<u>425,199</u>	<u>463,864</u>
Six months ended					
30 June 2015					
Opening net book amount ...	9,956	14,362	14,347	425,199	463,864
Additions	—	552	1,602	174,296	176,450
Disposals	—	—	(744)	—	(744)
Depreciation	(2,204)	(2,242)	(2,992)	—	(7,438)
Closing net book amount	<u>7,752</u>	<u>12,672</u>	<u>12,213</u>	<u>599,495</u>	<u>632,132</u>
At 30 June 2015					
Cost	18,624	22,309	30,130	599,495	670,558
Accumulated depreciation ...	(10,872)	(9,637)	(17,917)	—	(38,426)
Net book amount	<u>7,752</u>	<u>12,672</u>	<u>12,213</u>	<u>599,495</u>	<u>632,132</u>
(Unaudited) Six months					
ended 30 June 2014					
Opening net book amount ...	9,047	3,841	17,562	80,800	111,250
Additions	2,968	2,382	2,354	112,995	120,699
Disposals	—	(553)	(13)	—	(566)
Depreciation	(1,811)	(965)	(3,190)	—	(5,966)
Closing net book amount	<u>10,204</u>	<u>4,705</u>	<u>16,713</u>	<u>193,795</u>	<u>225,417</u>
At 30 June 2014					
Cost	17,262	10,088	31,473	193,795	252,618
Accumulated depreciation ...	(7,058)	(5,383)	(14,760)	—	(27,201)
Net book amount	<u>10,204</u>	<u>4,705</u>	<u>16,713</u>	<u>193,795</u>	<u>225,417</u>

Depreciation of the property, plant and equipment has been charged to consolidated profit or loss as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	67	107	250	102	310
Selling and marketing costs .	497	632	1,120	463	680
Administrative expenses.....	4,484	7,626	11,386	5,401	6,448
	<u>5,048</u>	<u>8,365</u>	<u>12,756</u>	<u>5,966</u>	<u>7,438</u>

During the Relevant Periods, all buildings were located in the PRC.

Borrowing costs of RMB45,016,000, RMB87,649,000 and RMB46,239,000 have been capitalised in assets under construction for the years ended 31 December 2013, 2014 and the six months ended 30 June 2015, respectively.

The capitalisation rates of borrowings for the years ended 31 December 2013, 2014 and the six months ended 30 June 2015 are 10.53%, 10.88% and 11.16%, respectively.

14. Land use rights

	RMB'000
Year ended 31 December 2012	
Opening net book amount	—
Additions	332,640
Amortisation	(1,708)
Closing net book amount	<u>330,932</u>
Year ended 31 December 2013	
Opening net book amount	330,932
Additions	190,676
Amortisation	(8,215)
Closing net book amount	<u>513,393</u>
Year ended 31 December 2014	
Opening net book amount	513,393
Amortisation	(14,803)
Closing net book amount	<u>498,590</u>
Six months ended 30 June 2015	
Opening net book amount	498,590
Amortisation	(6,494)
Closing net book amount	<u>492,096</u>
(Unaudited) Six months ended 30 June 2014	
Opening net book amount	513,393
Amortisation	(6,494)
Closing net book amount	<u><u>506,899</u></u>

Amounts represent the land use rights of hotels under construction. The relevant land use rights are on leases of 40 years and the land is in the PRC.

Land use rights with a total carrying amount of RMB513,393,000, RMB498,590,000 and RMB492,096,000 as at 31 December 2013, 2014 and 30 June 2015, respectively, were pledged as collateral for the Group's borrowings (Note 28).

15. Deferred tax assets

The analysis of deferred tax assets is as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets				
- Deferred tax assets to be recovered within 12 months.....	2,598	9,321	—	81,167
- Deferred tax assets to be recovered after 12 months	18,640	62,970	134,412	81,267
	<u>21,238</u>	<u>72,291</u>	<u>134,412</u>	<u>162,434</u>

The movements in deferred tax assets during the Relevant Periods are as follows:

	Tax losses	Deductible temporary differences of expenses	Total
		and cost of sales	
	RMB'000	RMB'000	RMB'000
At 1 January 2012	3,222	2,245	5,467
Credit to the consolidated income statement (Note 10)	<u>15,418</u>	<u>353</u>	<u>15,771</u>
At 31 December 2012	18,640	2,598	21,238
Credit to the consolidated income statement (Note 10)	<u>44,330</u>	<u>6,723</u>	<u>51,053</u>
At 31 December 2013	62,970	9,321	72,291
Credit/(debit) to the consolidated income statement (Note 10)	<u>71,442</u>	<u>(9,321)</u>	<u>62,121</u>
At 31 December 2014	134,412	—	134,412
Credit to the consolidated income statement (Note 10)	<u>28,022</u>	<u>—</u>	<u>28,022</u>
At 30 June 2015	<u>162,434</u>	<u>—</u>	<u>162,434</u>
(Unaudited) At 1 January 2014	62,970	9,321	72,291
Credit to the consolidated income statement (Note 10)	<u>42,747</u>	<u>2,440</u>	<u>45,187</u>
At 30 June 2014	<u>105,717</u>	<u>11,761</u>	<u>117,478</u>

At 31 December 2012, 2013, 2014 and 30 June 2014 and 2015, there are no unrecognised deferred tax assets of the Group in relation to tax losses.

16. Investments accounted for using the equity method

(a) Investments accounted for using the equity method

(i) The amounts recognised in the consolidated balance sheets are as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Joint ventures	273,391	607,627	2,258,165	2,619,776
An associate	—	1,968	97,654	96,314
	<u>273,391</u>	<u>609,595</u>	<u>2,355,819</u>	<u>2,716,090</u>

(ii) The amounts recognised in the consolidated income statements are as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Joint ventures	130,600	324,236	243,038	188,399	118,111
An associate	—	(32)	(2,314)	(439)	(1,339)
	<u>130,600</u>	<u>324,204</u>	<u>240,724</u>	<u>187,960</u>	<u>116,772</u>

(iii) The movement of investments in joint ventures are as follows:

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening balances	132,791	273,391	607,627	607,627	2,258,165
Capital injections	10,000	10,000	1,407,500	1,017,300	243,500
Share of profits	130,600	324,236	243,038	188,399	118,111
	<u>273,391</u>	<u>607,627</u>	<u>2,258,165</u>	<u>1,813,326</u>	<u>2,619,776</u>

- (b) Set out below are the joint ventures and an associate of the Group as at 31 December 2012, 2013, 2014 and 30 June 2015. The place of incorporation or registration is also their principal place of business.

Name of entity		Place of business/ place of incorporation and business	% of ownership interest				Measurement method	Principal activities
			as at 31 December			As at 30 June		
			2012	2013	2014	2015		
Joint ventures								
福州世歐房地產 開發有限公司	Fuzhou Shiou Property Development Co., Ltd. (note i)	PRC	50%	50%	50%	50%	Equity	Property development
福州利博順泰房 地產開發有限 公司	Fuzhou Liboshuntai Property Development Co., Ltd.	PRC	50%	50%	50%	50%	Equity	Property development
海融(漳州)房地 產有限公司	Hairong (Zhangzhou) Property Co., Ltd.	PRC	—	—	50%	50%	Equity	Property development
上海愷泰房地產 開發有限公司	Shanghai Kaitai Property Development Co., Ltd.	PRC	—	50%	50%	50%	Equity	Property development
上海愷岱房地產 開發有限公司	Shanghai Kaidai Property Development Co., Ltd.	PRC	—	50%	50%	50%	Equity	Property development
上海愷譽房地產 開發有限公司	Shanghai Kaiyu Property Development Co., Ltd.	PRC	—	—	50%	50%	Equity	Property development
上海愷日房地產 開發有限公司	Shanghai Kairi Property Development Co., Ltd.	PRC	—	—	50%	50%	Equity	Property development
上海愷暢房地產 開發有限公司	Shanghai Kaichang Property Development Co., Ltd.	PRC	—	—	50%	50%	Equity	Property development
上海愷崇房地產 開發有限公司	Shanghai Kaichong Property Development Co., Ltd. (note ii)	PRC	—	—	25%	25%	Equity	Property development
Associate								
漳州市萬科濱江 置業有限公司	Zhangzhou City Wankebinjiang Property Co., Ltd.	PRC	—	20%	20%	20%	Equity	Property development

- (i) Rongxin Group and a company controlled by a close family member of Mr. Ou holds 50% and 50% equity interest in Fuzhou Shiou Property Development Co., Ltd. (“Fuzhou Shiou”), respectively. Fuzhou Shiou and its subsidiaries (collectively refer to “Shiou Group”) are principally engaged in development of certain residential and commercial property projects in Fuzhou City. According to a separate agreement entered into between Rongxin Group and the joint venture partner, the equity interest in one property development project of Shiou Group is held by Rongxin Group and the joint venture partner at 40% and 60%, respectively.

- (ii) The Group and another two joint venture partners which are independent third parties to the Group hold equity interest in Shanghai Kaichong Property Development Co., Ltd. at 25%, 25% and 50%, respectively.

(c) *Summarised financial information for joint ventures*

- (i) Set out below is the summarised financial information for Shiou Group, which is material to the Group.

Summarised balance sheets

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Investment properties.....	1,196,000	2,044,000	3,175,000	3,312,000
Other non-current assets	26,890	59,877	69,128	33,360
	<u>1,222,890</u>	<u>2,103,877</u>	<u>3,244,128</u>	<u>3,345,360</u>
Current				
Properties under development	7,882,481	7,699,920	8,161,682	4,002,074
Completed properties held for sale	937,164	614,150	187,899	1,796,662
Amounts due from shareholders	217,200	2,342,904	2,979,903	2,753,903
Amounts due from customers for contract works	—	17,183	575,131	193,551
Trade and other receivables	192,940	122,430	77,582	99,565
Prepayments	323,082	455,502	361,096	161,384
Prepaid income tax	143,401	312,564	379,907	136,628
Restricted cash	118,131	89,790	140,833	19,433
Cash and cash equivalents	577,881	52,692	196,378	91,672
	<u>10,392,280</u>	<u>11,707,135</u>	<u>13,060,411</u>	<u>9,254,872</u>
Total assets	<u>11,615,170</u>	<u>13,811,012</u>	<u>16,304,539</u>	<u>12,600,232</u>
LIABILITIES				
Non-current liabilities				
Borrowings	2,254,500	3,285,540	1,544,700	1,054,800
Other liabilities	8,278	121,188	247,436	277,790
	<u>2,262,778</u>	<u>3,406,728</u>	<u>1,792,136</u>	<u>1,332,590</u>
Current liabilities				
Borrowings	999,000	200,000	2,402,020	2,433,700
Advances received from pre-sales of properties	4,074,668	6,968,190	8,585,407	5,140,499
Amounts due to shareholders	1,005,058	—	—	—
Amounts due to customers for contract works	558,134	—	—	—
Trade and other payables	2,031,741	1,709,643	1,744,862	1,622,396
Tax liabilities	95,848	284,040	23,483	31,594
	<u>8,764,449</u>	<u>9,161,873</u>	<u>12,755,772</u>	<u>9,228,189</u>
Total liabilities	<u>11,027,227</u>	<u>12,568,601</u>	<u>14,547,908</u>	<u>10,560,779</u>
Net assets	<u>587,943</u>	<u>1,242,411</u>	<u>1,756,631</u>	<u>2,039,453</u>

Summarised statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue	2,463,782	3,036,479	2,393,615	1,730,265	4,717,335
Cost of sales	(1,902,084)	(2,249,290)	(2,001,791)	(1,408,421)	(4,023,555)
Selling and marketing costs	(74,994)	(145,230)	(108,544)	(57,315)	(41,840)
Administrative expenses	(64,417)	(61,471)	(63,591)	(26,155)	(33,515)
Interest income	847	1,335	1,531	739	368
Fair value gain of investment properties	6,076	452,939	504,992	316,146	66,258
Other income, net	2,144	2,797	5,169	2,831	2,220
Profit before income tax	431,354	1,037,559	731,381	558,090	687,271
Income tax expense	(169,137)	(383,091)	(217,161)	(170,563)	(404,449)
Profit for the year/period	262,217	654,468	514,220	387,527	282,822
Other comprehensive income	—	—	—	—	—
Total comprehensive income	262,217	654,468	514,220	387,527	282,822
The joint venture's commitments	3,025,459	2,388,925	910,136	1,811,444	371,012
The joint venture's financial guarantee contracts	542,096	2,583,483	3,839,952	3,033,592	4,286,858

No dividend has been paid or declared by the joint venture since its establishment.

- (ii) Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Shiou Group.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Opening net assets	325,726	587,943	1,242,411	1,242,411	1,756,631
Profit for the year/period	262,217	654,468	514,220	387,527	282,822
Other comprehensive income	—	—	—	—	—
Closing net assets	587,943	1,242,411	1,756,631	1,629,938	2,039,453
Interest in joint ventures	263,513	590,270	847,328	783,985	988,739
Carrying value	263,513	590,270	847,328	783,985	988,739

(iii) Set out below is the summarised financial information for Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai"), which is material to the Group.

Summarised balance sheets

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Deferred tax assets.....	—	125	684	2,073
Other non-current assets.....	—	78	63	55
	—	203	747	2,128
Current				
Properties under development	—	4,768,479	5,062,162	5,521,134
Trade and other receivables.....	—	—	5,020	6,000
Cash and cash equivalents.....	—	7,795	33,178	80,084
	—	4,776,274	5,100,360	5,607,218
Total assets	—	<u>4,776,477</u>	<u>5,101,107</u>	<u>5,609,346</u>
LIABILITIES				
Non-current liabilities				
Borrowings	—	—	—	335,820
Current liabilities				
Advances received from pre-sales of properties	—	—	—	202,517
Amounts due to shareholders	—	4,766,392	2,818,682	2,817,034
Trade and other payables	—	461	274,476	250,195
	—	4,766,853	3,093,158	3,269,746
Total liabilities	—	<u>4,766,853</u>	<u>3,093,158</u>	<u>3,605,566</u>
Net assets.....	—	<u>9,624</u>	<u>2,007,949</u>	<u>2,003,780</u>

Summarised statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	—	—	—	—	—
Cost of sales	—	—	—	—	—
Selling and marketing costs	—	—	(12)	—	(4,439)
Administrative expenses	—	(612)	(2,511)	(779)	(1,268)
Interest income	—	111	289	63	149
Loss before income tax	—	(501)	(2,234)	(716)	(5,558)
Income tax credit	—	125	559	179	1,389
Loss for the year/period	—	(376)	(1,675)	(537)	(4,169)
Other comprehensive income	—	—	—	—	—
Total comprehensive income	—	(376)	(1,675)	(537)	(4,169)
The joint venture's commitments ..	—	43,922	2,463,579	441,152	2,194,178
The joint venture's financial guarantee contracts	—	—	—	—	18,720

No dividend has been paid or declared by the joint venture since its establishment.

- (iv) Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Shanghai Kaitai.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Opening net assets	—	—	9,624	9,624	2,007,949
Capital injections	—	10,000	2,000,000	2,000,000	—
Loss for the year/period	—	(376)	(1,675)	(537)	(4,169)
Other comprehensive income	—	—	—	—	—
Closing net assets	—	9,624	2,007,949	2,009,087	2,003,780
Interest in joint ventures	—	4,812	1,003,975	1,004,544	1,001,890
Carrying value	—	4,812	1,003,975	1,004,544	1,001,890

APPENDIX I

ACCOUNTANT'S REPORT

- (v) Set out below are the summarised financial information for joint ventures, other than Shiou Group and Shanghai Kaitai, which are individually immaterial to the Group.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss for the year/period.....	(244)	(4,666)	(26,419)	(10,093)	(42,449)
Other comprehensive income.....	—	—	—	—	—
Total comprehensive income.....	<u>(244)</u>	<u>(4,666)</u>	<u>(26,419)</u>	<u>(10,093)</u>	<u>(42,449)</u>

- (vi) Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interests in the joint ventures, other than Shiou Group and Shanghai Kaitai.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Opening net assets	—	19,756	25,090	25,090	701,671
Capital injections.....	20,000	10,000	703,000	35,000	360,500
Loss for the year/period.....	(244)	(4,666)	(26,419)	(10,093)	(42,449)
Other comprehensive income.....	—	—	—	—	—
Closing net assets	<u>19,756</u>	<u>25,090</u>	<u>701,671</u>	<u>49,997</u>	<u>1,019,722</u>
Interests in joint ventures ...	<u>9,878</u>	<u>12,545</u>	<u>406,862</u>	<u>24,797</u>	<u>629,147</u>
Carrying value	<u>9,878</u>	<u>12,545</u>	<u>406,862</u>	<u>24,797</u>	<u>629,147</u>

17. Financial instruments by category — Group and Company

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Loans and receivables				
- Trade and other receivables.....	483,407	633,894	261,267	267,208
- Amounts due from related parties	950,823	3,324,359	2,713,147	2,014,266
- Restricted cash.....	13,526	14,505	741,736	414,945
- Cash and cash equivalents.....	123,939	696,090	657,637	843,766
- Term deposits with initial terms of over three months	—	5,500	—	—
Available-for-sale financial assets	16,000	9,000	21,000	47,000
	<u>1,587,695</u>	<u>4,683,348</u>	<u>4,394,787</u>	<u>3,587,185</u>
Financial liabilities:				
Liabilities at amortised cost				
- Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	569,865	606,772	1,216,759	1,352,896
- Amounts due to related parties ...	857,772	1,871,328	3,207,622	1,734,837
- Dividend payable	—	—	338,000	—
- Borrowings	1,861,000	8,472,040	17,258,800	18,242,650
	<u>3,288,637</u>	<u>10,950,140</u>	<u>22,021,181</u>	<u>21,330,383</u>

The Company

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities:				
Liabilities at amortised cost				
- Other payables	—	—	10,257	16,683
- Amount due to a subsidiary.....	—	—	9,114	12,069
	<u>—</u>	<u>—</u>	<u>19,371</u>	<u>28,752</u>

18. Properties under development and completed properties held for sale

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Properties under development comprise:				
- Construction costs	1,131,619	2,180,602	3,553,185	4,076,401
- Capitalised interests	283,141	635,299	1,773,126	2,728,013
- Land use rights	2,285,074	5,758,572	9,580,802	15,920,788
	<u>3,699,834</u>	<u>8,574,473</u>	<u>14,907,113</u>	<u>22,725,202</u>
Completed properties held for sale comprise:				
- Construction costs	733,054	616,395	417,901	247,616
- Capitalised interests	188,968	150,834	106,132	54,512
- Land use rights	227,903	153,306	342,390	65,838
	<u>1,149,925</u>	<u>920,535</u>	<u>866,423</u>	<u>367,966</u>

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

The capitalisation rates of borrowings are 8.03%, 10.53%, 10.88% and 11.16% for the years ended 31 December 2012, 2013, 2014 and six months ended 30 June 2015, respectively.

As at 31 December 2012, 2013, 2014 and 30 June 2015, the Group's pledged properties held for sale and properties under development are set out as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amounts of properties held for sale and properties under development:				
- Pledged as collateral for the Group's borrowings	<u>2,814,834</u>	<u>7,224,243</u>	<u>7,476,887</u>	<u>17,680,515</u>

19. Trade and other receivables and prepayments - Group and Company

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables (Note a)	<u>—</u>	<u>8,527</u>	<u>4,164</u>	<u>3,528</u>
Other receivables				
- Bidding deposits for acquisition of land use rights.....	156,000	345,970	—	—
- Deposits for construction contracts (Note b)	109,802	88,006	148,482	148,482
- Receivables from a local government (Note c)	186,627	176,627	66,627	66,627
- Others	<u>30,978</u>	<u>14,764</u>	<u>41,994</u>	<u>48,571</u>
	<u>483,407</u>	<u>625,367</u>	<u>257,103</u>	<u>263,680</u>
Prepayments				
- Prepaid business taxes and other taxes	158,347	212,224	334,821	383,390
- Prepayments for acquisition of land use rights	204,850	2,668,186	6,978,866	2,000,185
- Prepayments for investment in a joint venture (Note d).....	—	156,208	—	—
- Others	<u>2,112</u>	<u>22,760</u>	<u>91,853</u>	<u>52,232</u>
	<u>365,309</u>	<u>3,059,378</u>	<u>7,405,540</u>	<u>2,435,807</u>
	<u>848,716</u>	<u>3,693,272</u>	<u>7,666,807</u>	<u>2,703,015</u>
Less: other receivables included in non-current assets	<u>(82,000)</u>	<u>(2,896)</u>	<u>(2,691)</u>	<u>(2,691)</u>
	<u>766,716</u>	<u>3,690,376</u>	<u>7,664,116</u>	<u>2,700,324</u>

- (a) Aging analysis of the trade receivables based on invoice date at respective balance sheet dates are as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days.....	—	5,842	—	—
Over 90 days and within 365 days ...	—	2,685	2,339	—
Over 365 days.....	—	—	1,825	3,528
	<u>—</u>	<u>8,527</u>	<u>4,164</u>	<u>3,528</u>

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 90 days as specified in the sales and purchase agreements.

As at 31 December 2013 and 2014 and 30 June 2015, trade receivables of RMB2,685,000, RMB4,164,000 and RMB3,528,000 were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

- (b) The amounts as at 31 December 2012, 2013, 2014 and 30 June 2015 represented deposits for construction contacts of resettlement housing (Note 20).
- (c) The amounts as at 31 December 2012, 2013, 2014 and 30 June 2015 represented the consideration paid to a local government in Fujian Province in relation to cooperation in development of a property project which was subsequently terminated.
- (d) Prepayment for investment in a joint venture as at 31 December 2013 represented payments of land premium on behalf of the joint venture, which was set up in 2014.
- (e) As at 31 December 2012, 2013, 2014 and 30 June 2015, the Group's trade and other receivables were all denominated in RMB.
- (f) As at 31 December 2012, 2013, 2014 and 30 June 2015, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above. No material trade and other receivables were impaired as at 31 December 2012, 2013, 2014 and 30 June 2015.

The Company

Prepayments of the Company's represented prepaid IPO costs.

20. Amounts due from customers for contract works

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Contracts in progress at the end of the year/period:				
Contract costs incurred plus recognised profits	28,233	81,692	184,736	217,619
Less: progress billings	(6,430)	(18,606)	(70,109)	(80,944)
	<u>21,803</u>	<u>63,086</u>	<u>114,627</u>	<u>136,675</u>

According to the agreements of acquisition of land use rights entered into with certain local governments, as part of the consideration to obtain the land use rights, certain subsidiaries of the Group were required to construct houses for the respective governments.

Contract revenue of RMB26,054,000, RMB53,459,000, RMB103,044,000, RMB23,700,000 and RMB32,883,000 which represented the construction services having been provided, have been recognised as revenue during the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015, respectively.

21. Restricted cash

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Denominated in RMB	<u>13,526</u>	<u>14,505</u>	<u>741,736</u>	<u>414,945</u>

The Group placed certain cash deposits with designated banks as security mainly for borrowings and issuance of commercial bills.

22. Cash and cash equivalents

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Denominated in RMB				
- Cash at bank	123,893	695,999	657,581	843,738
- Cash on hand	46	91	56	28
	<u>123,939</u>	<u>696,090</u>	<u>657,637</u>	<u>843,766</u>

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

23. Term deposits with initial terms of over three months

The weighted average effective interest rate of the Group's term deposits with initial terms of over three months as at 31 December 2013 was 3.3% per annum. The carrying amounts of the Group's term deposits approximate their fair value. The deposits are denominated in RMB.

24. Share capital — Group and Company

	Issued share capital and fully paid	
	Number of shares	HKD
At 11 September 2014 (date of incorporation), 31 December 2014 and 30 June 2015	<u>100</u>	<u>0.001</u>

On the date of its incorporation, one ordinary share of HKD0.00001 was allotted and issued to the sole subscriber and then was transferred to Dingxin Company Limited. On the same date, the Company further allotted and issued 99 ordinary shares to Dingxin Company Limited. The Company was then wholly-owned by Dingxin Company Limited.

The authorised share capital of the Company as at 11 September 2014 (date of incorporation), 31 December 2014 and 30 June 2015 was HK\$380,000 divided into 38,000,000,000 shares.

25. Capital reserves

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the group companies.

26. Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

27. Non-controlling interests

Pursuant to investment agreements entered into between the Group and Fujian Oushi Construction, Fujian Oushi Construction agreed to contribute cash of RMB612,000,000, RMB601,000,000 and RMB435,000,000 to three projects of the Group in exchange of 49% equity interests of these three projects. Up to 30 June 2015, the Group has received capital contributed by Fujian Oushi Construction of RMB1,342,600,000, the remaining amounts of RMB305,400,000 have been received in July 2015.

28. Borrowings

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings included in non-current liabilities:				
Bank borrowings - secured	1,861,000	1,473,000	1,945,000	2,182,000
Other borrowings - secured (Note a)	—	6,197,000	14,933,700	15,431,550
Less: current portion of non-current borrowings	(1,151,000)	(2,684,300)	(5,879,100)	(8,390,350)
	<u>710,000</u>	<u>4,985,700</u>	<u>10,999,600</u>	<u>9,223,200</u>
Borrowings included in current liabilities:				
Bank borrowings - secured	—	200,000	29,100	29,100
Other borrowings - secured (Note a)	—	602,040	351,000	600,000
Current portion of non-current borrowings	<u>1,151,000</u>	<u>2,684,300</u>	<u>5,879,100</u>	<u>8,390,350</u>
	<u>1,151,000</u>	<u>3,486,340</u>	<u>6,259,200</u>	<u>9,019,450</u>
Total borrowings	<u>1,861,000</u>	<u>8,472,040</u>	<u>17,258,800</u>	<u>18,242,650</u>

As at 31 December 2012, 2013, 2014 and 30 June 2015, all of the Group's borrowings are denominated in RMB.

- (a) Certain group companies in the PRC have entered into fund arrangements with trust companies, security companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them, directly or through entrusted banks, to the group companies. Certain equity interests of the group companies were held by the financial institutions as collateral of which the Group is obligated to redeem at predetermined prices (Note 34(c)). The funds bear fixed interest rates and have fixed repayment terms.
- (b) As at 31 December 2012, 2013, 2014 and 30 June 2015, all the Group's bank and other borrowings were secured by the Group's assets which includes properties held for sale, properties under development, land use rights, equity interests of certain subsidiaries, bank deposits and receivables from property purchasers. In addition to pledge of assets, Mr. Ou has provided personal guarantee for the bank and other borrowings of RMB500,000,000, RMB5,063,040,000, RMB11,253,300,000 and RMB11,959,350,000 as at 31 December 2012, 2013, 2014 and 30 June 2015, respectively.
- (c) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
6 months or less	296,000	752,040	1,759,100	3,857,950
6-12 months.....	1,565,000	2,734,300	5,529,100	6,574,500
1-5 years.....	—	4,985,700	9,970,600	7,810,200
Total	<u>1,861,000</u>	<u>8,472,040</u>	<u>17,258,800</u>	<u>18,242,650</u>

- (d) The maturity of the borrowings is as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year.....	1,151,000	3,486,340	6,259,200	9,019,450
1 - 2 years	—	1,945,700	7,052,100	9,044,200
2 - 5 years	710,000	3,040,000	3,947,500	179,000
Total	<u>1,861,000</u>	<u>8,472,040</u>	<u>17,258,800</u>	<u>18,242,650</u>

(e) The repayment terms of the borrowings are as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings wholly repayable:				
Within five years	<u>1,861,000</u>	<u>8,472,040</u>	<u>17,258,800</u>	<u>18,242,650</u>

(f) The weighted average effective interest rates as at 31 December 2012, 2013, 2014 and 30 June 2015 were as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
Bank borrowings	8.03%	8.35%	7.48%	7.35%
Other borrowings	—	11.07%	11.31%	11.69%
Weighted average effective interest rates	<u>8.03%</u>	<u>10.53%</u>	<u>10.88%</u>	<u>11.16%</u>

(g) The carrying amounts of the borrowings approximate their fair values as at 31 December 2012, 2013, 2014 and 30 June 2015 as the impact of discounting is not significant or the borrowings carry floating rate of interests.

29. Trade and other payables-Group and Company

The Group

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables (Note a)	468,763	488,500	776,592	902,611
Bills payable	10,486	20,500	112,000	72,000
Other taxes payable	1,883	4,497	3,943	10,408
Accrued payroll	16,114	29,319	56,615	32,636
Interests payable	4,203	19,088	87,632	93,835
Deposits received for sales of properties..	2,188	17,473	117,369	111,794
Deposits from contractors and suppliers...	6,495	32,154	78,658	93,037
Others	<u>77,730</u>	<u>29,057</u>	<u>44,508</u>	<u>79,619</u>
	<u>587,862</u>	<u>640,588</u>	<u>1,277,317</u>	<u>1,395,940</u>

(a) The ageing analysis of the trade payables is as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Within 90 days	146,943	134,291	352,101	226,752
Over 90 days and within 365 days ...	96,158	127,974	156,574	437,265
Over 365 days	225,662	226,235	267,917	238,594
	<u>468,763</u>	<u>488,500</u>	<u>776,592</u>	<u>902,611</u>

The Group's trade and other payables as at 31 December 2012, 2013, 2014 and 30 June 2015 are denominated in RMB.

The Company

Other payables of the Company mainly represented payables of professional fees incurred for the Listing.

30. Cash (used in)/generated from operations

Reconciliation of profit for the year/period to net cash (used in)/generated from operations.

	As at 31 December			As at 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Profit before income tax for the year/period	262,815	759,510	833,601	264,738	462,491
Adjustments for:					
- Depreciation of property, plant and equipment	5,048	8,365	12,756	5,966	7,438
- Interest income	(1,409)	(2,071)	(5,025)	(1,932)	(5,674)
- Amortisation of intangible assets	118	343	952	305	530
- Gains from disposal of property, plant and equipment ..	—	(86)	(676)	(64)	(550)
- Share of profits of investments accounted for using the equity method, net	(130,600)	(324,204)	(240,724)	(187,960)	(116,772)
Changes in working capital:					
- Properties under development and completed properties held for sale	(905,776)	(6,540,577)	(8,045,542)	(6,149,887)	(1,088,661)
- Trade and other receivables	(306,024)	(191,770)	321,086	316,063	(27,988)
- Prepayments	(68,995)	(58,010)	(128,169)	(95,618)	(54,049)
- Pre-sale proceeds received from customers	1,064,135	2,840,103	1,298,055	2,040,749	1,174,099
- Trade and other payables	47,154	8,254	195,551	187,463	32,491
- Restricted cash	(5,486)	(2,014)	(127,434)	(72,500)	31,481
Cash (used in)/generated from operations	<u>(39,020)</u>	<u>(3,502,157)</u>	<u>(5,885,569)</u>	<u>(3,692,677)</u>	<u>414,836</u>

Non-cash transactions

In 2012, Rongxin Group increased its paid-in capital by way of capitalisation of its payables to Dingcheng Investment of RMB496,300,000.

31. Financial guarantee

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note a).....	1,931,071	2,678,062	3,579,851	4,579,002
Guarantee provided for the borrowings of related parties (note b and note 33(d)(ii))	<u>214,000</u>	<u>354,000</u>	<u>2,092,700</u>	<u>2,933,320</u>
	<u><u>2,145,071</u></u>	<u><u>3,032,062</u></u>	<u><u>5,672,551</u></u>	<u><u>7,512,322</u></u>

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted 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 dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial.

- (b) Amounts represented the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The guarantees provided for the borrowings of related parties other than joint ventures have been released subsequent to 30 June 2015.

32. Commitments

(a) *Commitments for property development expenditures*

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for				
- Property development activities	1,244,186	3,153,489	4,534,954	4,400,463
- Land use rights	214,150	3,202,042	4,734,311	3,539,100
	<u>1,458,336</u>	<u>6,355,531</u>	<u>9,269,265</u>	<u>7,939,563</u>

(b) *Operating leases commitments*

The future aggregate minimum lease payments under non-cancelable operating leases are as follows:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
- Not later than one year.....	3,387	13,662	17,291	14,569
- Later than one year and not later than three years	<u>5,180</u>	<u>21,804</u>	<u>11,998</u>	<u>5,597</u>
	<u>8,567</u>	<u>35,466</u>	<u>29,289</u>	<u>20,166</u>

33. Related party transactions

- (a) Major related parties that had transactions with the Group during the Relevant Periods are as follows:

Related parties	Relationship with the Group
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Dingcheng Investment Co., Ltd. 福建鼎誠投資有限公司	A company controlled by the Controlling Shareholder
Hemei (Zhangzhou) Hotel Investment Co., Ltd. 和美(漳州)酒店投資有限公司	A company controlled by the Controlling Shareholder
Mr. Ou Zonghong (歐宗洪)	Controlling shareholder and director of the Company
Mr. Ou Guopeng (歐國鵬)	Family member of Mr. Ou
Ms. Xu Lixiang (許麗香)	Family member of Mr. Ou
Mr. Wu Jian (吳劍)	Executive director and vice president of the Company

The English names of the PRC companies 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.

(b) Key management compensation

Compensation for key management other than those for directors as disclosed in note 8(a) for the years ended 31 December 2012, 2013, 2014 and the six months ended 30 June 2014 and 2015 are set out below.

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Key management compensation					
- Salaries and other employee benefits	328	1,536	3,182	1,514	1,517
- Pension costs	12	63	87	42	42
	<u>340</u>	<u>1,599</u>	<u>3,269</u>	<u>1,556</u>	<u>1,559</u>

(c) *Balances with related parties*

As at 31 December 2012, 2013, 2014 and 30 June 2015, the Group had the following material balances with related parties:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from joint ventures:				
- Shanghai Kaitai Property Development Co., Ltd.	—	1,747,286	1,390,787	1,390,787
- Shanghai Kaidai Property Development Co., Ltd.	—	1,276,089	267,589	37,589
- Fuzhou Liboshuntai Property Development Co., Ltd.	225,900	120,000	—	—
- Shiou Group.....	568,727	—	—	—
- Hairong (Zhangzhou) Property Co., Ltd.	—	—	272,104	159,586
- Shanghai Kairi Property Development Co., Ltd.	—	—	59,442	25,086
- Shanghai Kaichang Property Development Co., Ltd.	—	—	239,769	239,769
- Shanghai Kaiyu Property Development Co., Ltd.	—	—	207,407	—
- Shanghai Kaichong Property Development Co., Ltd.	—	—	83,984	83,984
Amounts due from an associate:				
- Zhangzhou City Wankebinjiang Property Co., Ltd.	—	180,984	192,065	77,465
Amounts due from other related parties:				
- Mr. Ou	60,036	—	—	—
- Mr. Ou Guopeng	96,160	—	—	—
	<u>950,823</u>	<u>3,324,359</u>	<u>2,713,147</u>	<u>2,014,266</u>

Amounts due from joint ventures, an associate and other related parties mainly represent the cash advances which are unsecured, interest-free, repayable on demand and denominated in RMB.

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Amounts due to joint ventures:				
- Shiou Group.....	143,200	1,130,273	1,448,773	1,335,773
- Fuzhou Liboshuntai Property Development Co., Ltd.	—	—	235,000	287,000
Amounts due to other related parties:				
- Dingcheng Investment.....	713,153	702,287	888,251	—
- Mr. Ou.....	—	37,185	627,057	97,433
- Rongxin (Fujian) Property Management Co., Ltd.	1,419	1,583	8,541	14,631
	<u>857,772</u>	<u>1,871,328</u>	<u>3,207,622</u>	<u>1,734,837</u>

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Dividend payable:				
- Dingcheng Investment.....	—	—	299,705	—
- Mr. Ou.....	—	—	37,045	—
- Ms. Xu.....	—	—	1,250	—
	<u>—</u>	<u>—</u>	<u>338,000</u>	<u>—</u>

Amounts due to joint ventures, Dingcheng Investment and Mr. Ou mainly represent cash advances which are unsecured, interest-free and repayable on demand and denominated in RMB.

Amounts due to Rongxin (Fujian) Property Management Co., Ltd. represented mainly the payables of property management fees which are unsecured, interest free, aged within 90 days and denominated in RMB.

(d) *Transactions with related parties*

During the years ended 31 December 2012, 2013, 2014 and 30 June 2014 and 2015, the Group had the following significant transactions with related parties.

The directors of the Company are of the opinion that the following related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(i) *Property management services provided by a related party*

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
- Rongxin (Fujian) Property Management Co., Ltd.	<u>8,727</u>	<u>13,047</u>	<u>24,745</u>	<u>8,117</u>	<u>16,715</u>

(ii) *Guarantee for borrowings of related parties*

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantee to joint ventures:				
- Shiou Group.....	—	—	1,544,700	2,099,500
- Fuzhou Liboshuntai Property Development Co., Ltd.	—	140,000	140,000	110,000
- Shanghai Kaitai Property Development Co., Ltd.	—	—	—	335,820
Guarantee to other related party:				
- Hemei (Zhangzhou) Hotel Investment Co., Ltd.....	<u>214,000</u>	<u>214,000</u>	<u>408,000</u>	<u>388,000</u>
	<u>214,000</u>	<u>354,000</u>	<u>2,092,700</u>	<u>2,933,320</u>

(iii) *Movements of cash advances*

	Year ended 31December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash advances to related parties					
Opening balances.....	797,230	950,823	3,324,359	3,324,359	2,713,147
Non-cash transaction					
- Transfer from prepayment for investment in a joint venture when the joint venture was incorporated	—	—	156,208	156,208	—
Advances to					
- Fuzhou Liboshuntai Property Development Co., Ltd.	225,900	—	—	—	—
- Shanghai Kaidai Property Development Co., Ltd.	—	1,276,089	—	—	—
- Shanghai Kaitai Property Development Co., Ltd.	—	1,747,286	—	—	—
- Shanghai Kairi Property Development Co., Ltd.	—	—	59,442	—	—
- Shanghai Kaichang Property Development Co., Ltd.	—	—	239,769	—	—
- Shanghai Kaiyu Property Development Co., Ltd.	—	—	207,407	100,000	—
- Shanghai Kaichong Property Development Co., Ltd.	—	—	83,984	—	—
- Hairong (Zhangzhou) Property Development Co., Ltd.	—	—	115,896	106,384	—
- Zhangzhou City Wankebinjiang Property Co., Ltd.	—	180,984	11,081	11,081	—
- Mr. Ou	60,036	—	—	—	—
- Mr. Ou Guopeng	96,160	—	—	—	—
	<u>382,096</u>	<u>3,204,359</u>	<u>717,579</u>	<u>217,465</u>	<u>—</u>
Repayments from					
- Shiou Group.....	(228,503)	(568,727)	—	—	—
- Fuzhou Liboshuntai Property Development Co., Ltd.	—	(105,900)	(120,000)	(120,000)	—
- Shanghai Kaidai Property Development Co., Ltd.	—	—	(1,008,500)	(706,000)	(230,000)

APPENDIX I

ACCOUNTANT'S REPORT

	Year ended 31December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
- Shanghai Kaitai Property Development Co., Ltd.	—	—	(356,499)	(329,380)	—
- Shanghai Kairi Property Development Co., Ltd.	—	—	—	—	(34,356)
- Shanghai Kaiyu Property Development Co., Ltd.	—	—	—	—	(207,407)
- Hairong (Zhangzhou) Property Development Co., Ltd.	—	—	—	—	(112,518)
- Zhangzhou City Wankebinjiang Property Co., Ltd.	—	—	—	—	(114,600)
- Mr. Ou	—	(60,036)	—	—	—
- Ou Guopeng	—	(96,160)	—	—	—
	(228,503)	(830,823)	(1,484,999)	(1,155,380)	(698,881)
	<u>950,823</u>	<u>3,324,359</u>	<u>2,713,147</u>	<u>2,542,652</u>	<u>2,014,266</u>
Cash advances from related parties					
Opening balances.....	393,784	856,353	1,869,745	1,869,745	3,199,081
Capitalisation of payables to Dingcheng Investment.....	(496,300)	—	—	—	—
Payables to Dingcheng Investment during the Reorganisation	—	—	441,316	—	—
Payables to Mr. Ou during the Reorganisation	—	—	332,222	—	—
Advances from					
- Mr. Ou	535,000	37,185	257,650	257,650	—
- Dingcheng Investment	1,209,453	423,800	—	—	—
- Shiou Group.....	43,200	987,073	318,500	316,151	—
- Fuzhou Liboshuntai Property Development Co., Ltd.	—	—	235,000	235,000	52,000
	<u>1,787,653</u>	<u>1,448,058</u>	<u>811,150</u>	<u>808,801</u>	<u>52,000</u>
Repayments to					
- Shiou Group.....	—	—	—	—	(113,000)
- Mr. Ou	(828,784)	—	—	—	(529,624)
- Dingcheng Investment	—	(434,666)	(255,352)	—	(888,251)
	<u>(828,784)</u>	<u>(434,666)</u>	<u>(255,352)</u>	<u>—</u>	<u>(1,530,875)</u>
	<u>856,353</u>	<u>1,869,745</u>	<u>3,199,081</u>	<u>2,678,546</u>	<u>1,720,206</u>

The cash advances with related parties are denominated and settled in RMB.

(iv) *Interest expenses on cash advances from related parties*

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest expense on cash advances from					
- Mr. Ou	38,208	—	—	—	—
- Dingcheng Investment....	—	31,311	—	—	—
	<u>38,208</u>	<u>31,311</u>	<u>—</u>	<u>—</u>	<u>—</u>

The interest charges on cash advances from Mr. Ou and Dingcheng Investment ranged from 5.83% to 9.84% per annum. All the cash advances from Mr. Ou and Dingcheng Investment with interest charges have been settled at the end of each of the Relevant Periods.

34. Particulars of subsidiaries

(a) Particulars of the subsidiaries of the Group as at 31 December 2012, 2013, 2014 and 30 June 2015 are set out as below.

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Authorised/ Registered/paid up capital	Proportion of ownership interest				Statutory auditors	Years as auditors	
						31 December		30 June				
						2012	2013	2014	2015			
Directly held by the Company												
融達有限公司	Rongda Company Limited	11 September 2014	Limited liability company	BVI	Investment	Authorised and paid up capital of US\$100	—	—	100%	100%	iv	iv
Indirectly held by the Company												
融泰有限公司	Rongtai Company Limited	26 September 2014	Limited liability company	HK	Investment	Paid up capital of HKD100	—	—	100%	100%	iv	iv
福建融晟美商務資 訊諮詢有限公司 ...	Fujian Rongshengmei Business Information Consultation Co., Ltd	28 October 2014	Limited liability company	PRC	Business Information Consultation	Registered capital of RMB100,000,000 and paid up capital of RMBnil	—	—	100%	100%	iv	iv
福州晟業投資有限 公司	Fuzhou Shengye Co., Ltd	9 September 2014	Limited liability company	PRC	Investment	Registered and paid up capital of RMB100,000,000	—	—	100%	100%	iv	iv
福州譽豐投資有限 公司	Fuzhou Ruifeng Co., Ltd	12 September 2014	Limited liability company	PRC	Investment	Registered capital of RMB10,000,000 and paid up capital of RMBnil	—	—	100%	100%	iv	iv
福州羿恒投資有限 公司	Fuzhou Yiheng Co., Ltd	12 September 2014	Limited liability company	PRC	Investment	Registered and paid up capital of RMB100,000,000	—	—	100%	100%	iv	iv

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Authorised/ Registered/paid up capital	Proportion of ownership interest				Statutory auditors	Years as auditors	
						31 December						
						2012	2013	2014	30 June 2015			
融信(福建)投資集團有限公司	Rongxin (Fujian) Investment Group Co., Ltd.	23 September 2003	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB3,000,000,000	100%	100%	100%	100%	福建華達會計師事務所有限公司 Fujian Huada Certified Public Accountant Co., Ltd.	2012~2013
融信(福州)投資發展有限公司	Rongxin (Fuzhou) Investment Development Co., Ltd	7 June 2011	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	100%	100%	100%	100%	福建華達會計師事務所有限公司 Fujian Huada Certified Public Accountant Co., Ltd.	2012~2014
融信(漳州)房地產有限公司	Rongxin (Zhangzhou) Property Co., Ltd	18 January 2010	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB260,000,000	100%	100%	100%	100%	漳州眾誠有限責任會計師事務所 Zhangzhou Zhongcheng Certified Public Accountant Co., Ltd.	2012~2013
融信(福州)置業有限公司	Rongxin (Fuzhou) Property Co., Ltd	24 December 2012	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB166,666,700	100%	91%	91%	91%	福建華達會計師事務所有限公司 Fujian Huada Certified Public Accountant Co., Ltd.	2013~2014

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Authorised/ Registered/paid up capital	Proportion of ownership interest					Statutory auditors	Years as auditors
						31 December			30 June			
						2012	2013	2014	2015	2015		
融信(廈門)房地產開發有限公司	Rongxin (Xiamen) Property Development Co., Ltd	12 October 2012	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB200,000,000	100%	100%	100%	100%	廈門普和會計師事務所有限公司 Xiamen Puhe Certified Public Accountant Co., Ltd.	2012
融信(平潭)投資發展有限公司	Rongxin (Pingtan) Investment Development Co., Ltd	28 January 2013	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB196,078,431	—	100%	100%	51%	福建華達會計師事務所有限公司 Fujian Huada Certified Public Accountant Co., Ltd.	2013~2014
和美(上海)房地產開發有限公司	Hemei (Shanghai) Property Development Co., Ltd	20 May 2013	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB19,607,843	—	100%	100%	51%	v	v
福建藍湖房地產開發有限公司	Fujian Lanhu Property Development Co., Ltd	25 April 2011	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB110,000,000	—	100%	100%	100%	漳州龍信會計師事務所 Zhangzhou Longxin Certified Public Accountant Firm 廈門方華會計師事務所有限公司/ Xiamen Fanghua Certified Public Accountant Co., Ltd	2012 2013

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Authorised/ Registered/paid up capital	Proportion of ownership interest				Statutory auditors	Years as auditors
						31 December		30 June			
						2012	2013	2014	2015		
杭州豐樂融信房地 ... 產開發有限公司 ... Development Co., Ltd	23 October 2013	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB510,000,000	—	100%	100%	100%	浙江普華會計師事 務所有限公司 Zhejiang Puhua Certified Public Accountant Co., Ltd.	2013~ 2014
福州融信雙杭投資 發展有限公司 Shuanghang Investment Development Co., Ltd	13 January 2014	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	—	—	100%	100%	福建華達會計師事 務所有限公司 Fujian Huada Certified Public Accountant Co., Ltd.	2014
福建泰坤貿易有限 公司 Fujian Taikun Trading Co., Ltd	2 May 2013	Limited liability company	PRC	Property Investment	Registered and paid up capital of RMB5,000,000	—	100%	100%	100%	v	v
上海胤博投資有限 公司 Shanghai Yin bo Investment Co., Ltd	30 December 2013	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB10,000,000	—	100%	100%	100%	v	v
上海謙春永投資有 限公司 Shanghai Qian chunyong Investment Co., Ltd	26 December 2013	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB10,000,000	—	100%	100%	100%	v	v
融信(福建)置業有 限公司 Rongxin (Fujian) Property Co., Ltd	04 September 2013	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	—	100%	100%	100%	福建華達會計師事 務所有限公司 Fujian Huada Certified Public Accountant Co., Ltd.	2013~ 2014

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Authorised/ Registered/paid up capital	Proportion of ownership interest					Statutory auditors	Years as auditors
						31 December		30 June				
						2012	2013	2014	2015			
福建朗信投資有限公司 Fujian Langxin Investment Co., Ltd	07 May 2014	Limited liability company	PRC	Investment	Registered and paid up capital of RMB10,000,000	—	—	100%	100%		iv	iv
杭州融信樾昇房地產開發有限公司 ... Hangzhou Rongxin Kaisheng Property Development Co.,Ltd	20 February 2014	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB1,000,000,000	—	—	100%	100%	浙江普華會計師事務所有限公司 Zhejiang Puhua Certified Public Accountant Co., Ltd.	2014	
上海謙恒置業有限公司 Shanghai Qianheng Property Co., Ltd	25 March 2014	Limited liability company	PRC	Property Development; Investment	Registered capital of RMB10,000,000 and paid up capital of RMBnil	—	—	100%	100%		iv	iv
和美(漳州)房地產有限公司 Hemei (Zhangzhou) Property Co., Ltd	28 January 2014	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB50,000,000	—	—	100%	100%		iv	iv
世紀融信(北京)置業有限公司 Shiji Rongxin (Beijing) Property Co.,Ltd (i)	13 January 2014	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB10,000,000	—	—	—	—	N/A	N/A	N/A
長樂融信投資有限公司 Changle Rongxin Investment Co., Ltd	24 June 2014	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	—	—	100%	100%	福建華達會計師事務所有限公司 Fujian Huada Certified Public Accountant Co., Ltd.	2014	

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Authorised/Registered/paid up capital	Proportion of ownership interest				Statutory auditors	Years as auditors
						31 December					
						2012	2013	2014	30 June 2015		
廣州海西融信房地產開發有限公司 ... Guangzhou Haixi Rongxin Property Development Co.,Ltd (i)	29 April 2014	Limited liability company	PRC	Property Development	Registered capital of RMB10,000,000 and paid up capital of RMBnil	—	—	—	—	N/A	N/A
融信(漳州)投資有限公司 (Zhangzhou) Investment Co.,Ltd (ii)	13 January 2011	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB102,000,000	100%	—	—	—	漳州眾誠有限責任會計師事務所 Zhongcheng Zhongcheng Limited liability of Certified Public Accountant Firm	2012
融信(廈門)置業有限公司 (Xiamen) Property Co., Ltd (ii)	22 June 2011	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB20,000,000	100%	—	—	—	漳州眾誠有限責任會計師事務所/ Zhongcheng Zhongcheng Limited liability of Certified Public Accountant Firm	2012
融信(福州)房地產公司 (Fuzhou) Property Development Co., Ltd (iii)	March 2010	Limited liability company	PRC	Property Development	N/A	—	—	—	—	N/A	N/A
福建歐科投資有限公司 Fujian Ouke Investment Co., Ltd	13 November 2013	Limited liability company	PRC	Investment	Registered and paid up capital of RMB34,000,000	—	100%	100%	100%	v	v

The English names of PRC companies 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.

- (i) These subsidiaries were disposed of in 2014.
 - (ii) These subsidiaries were disposed of in 2013.
 - (iii) The subsidiary was disposed of in 2012.
 - (iv) These companies were established in 2014. No audited financial statements had been issued for these companies as they were newly established or they were not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.
 - (v) These companies were established in 2013. No audited financial statements had been issued for these companies as they were not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.
- (b) Certain equity interests in the subsidiaries of the Company were pledged for financing arrangements as at 31 December 2012, 2013, 2014 and 30 June 2015, respectively. For details, please refer to the table below:

	As at 31 December			As at 30 June
	2012	2013	2014	2015
- Percentage of equity interests in Rongxin (Fujian) investment Group Co., Ltd.....	—	49%	49%	63%
- Percentage of equity interests in Rongxin (Fuzhou) Investment Development Co., Ltd.	—	51%	—	—
- Percentage of equity interests in Rongxin (Fuzhou) Property Co., Ltd.....	—	60%	60%	60%
- Percentage of equity interests in Rongxin (Pingtan) Investment Development Co., Ltd.	—	100%	100%	100%
- Percentage of equity interests in Rongxin (Xiamen) Property Development Co., Ltd.....	—	66%	51%	51%
- Percentage of equity interests in Hangzhou Kai Zhu Rongxin Property Development Co., Ltd.....	—	51%	51%	10%
- Percentage of equity interests in Hemei (Shanghai) Property Development Co., Ltd.....	—	100%	100%	100%
- Percentage of equity interests in Hemei (Zhangzhou) Property Co., Ltd.....	—	—	51%	51%
- Percentage of equity interests in Fujian Lanhu Property Development Co., Ltd.....	—	—	51%	51%
- Percentage of equity interests in Rongxin (Fujian) Property Co., Ltd.....	—	—	66%	66%
- Percentage of equity interests in Hangzhou Rongxin Kaisheng Property Development Co.,Ltd.....	—	—	60%	100%
- Percentage of equity interests in Fuzhou Rongxin Shuanghang Investment Development Co., Ltd.....	—	—	30%	30%
- Percentage of equity interests in Changle Rongxin Investment Co., Ltd.	—	—	30%	30%
- Percentage of equity interests in Fujian Taikun Trading Co., Ltd.....	—	—	100%	100%

- (c) Equity interests of certain subsidiaries of the Group as set out below were legally held by the financial institutions as the collateral for the funds injected to the Group of which the Group is obligated to redeem at predetermined prices within certain periods.

	As at 31 December			As at
	2012	2013	2014	30 June
- Percentage of equity interests in Rongxin (Fuzhou) Investment Development Co., Ltd.	—	49%	—	—
- Percentage of equity interests in Rongxin (Fuzhou) Property Co., Ltd.	—	40%	40%	40%
- Percentage of equity interests in Rongxin (Xiamen) Property Development Co., Ltd.	—	34%	49%	49%
- Percentage of equity interests in Hangzhou Kaizhu Rongxin Property Development Co., Ltd.	—	49%	49%	90%
- Percentage of equity interests in Hemei (Zhangzhou) Property Co., Ltd.	—	—	49%	49%
- Percentage of equity interests in Fujian Lanhu Property Development Co., Ltd.	—	—	49%	49%
- Percentage of equity interests in Fujian Ouke Investment Co., Ltd.	—	—	100%	100%
- Percentage of equity interests in Hangzhou Rongxin Kaisheng Property Development Co.,Ltd.	—	—	40%	—
- Percentage of equity interests in Fuzhou Rongxin Shuanghang Investment Development Co., Ltd.	—	—	70%	70%

(d) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

(i) Rongxin (Pingtan) Investment Development Co., Ltd.

Summarised balance sheets

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Assets	—	2,164,406	1,770,053	2,513,294
Liabilities	—	(1,718,068)	(1,700,534)	(1,130,302)
Total current net assets	—	446,338	69,519	1,382,992
Non-current				
Assets	—	2,342	7,720	11,097
Liabilities	—	(354,800)	—	(715,000)
Total non-current net (liabilities)/assets	—	(352,458)	7,720	(703,903)
Net assets	—	93,880	77,239	679,089
Non-controlling interest's proportionate share of the net assets	N/A	N/A	N/A	332,753

Summarised income statements

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before income tax	—	(8,110)	(22,085)	(9,312)	(13,466)
Income tax credit	—	1,990	5,444	2,323	3,316
Loss for the year/period	—	(6,120)	(16,641)	(6,989)	(10,150)
Total comprehensive income	—	(6,120)	(16,641)	(6,989)	(10,150)
Total comprehensive income allocated to non-controlling interests	—	—	—	—	(765)

Summarised statements of cash flows

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net cash (used in)/generated from operating activities	—	(804,158)	113,459	101,128	311,686
Net cash (used in)/generated from investing activities	—	(1,036,997)	693,270	(60,509)	(398,745)
Net cash generated from/(used in) financing activities	—	1,992,437	(929,638)	(183,994)	109,723
Net increase/(decrease) in cash and cash equivalents	—	151,282	(122,909)	(143,375)	22,664
Cash and cash equivalents at beginning of the year/period	—	—	151,282	151,282	28,373
Cash and cash equivalents at end of the year/period	—	151,282	28,373	7,907	51,037

(ii) Hemei (Shanghai)

Summarised consolidated balance sheets

	As at 31 December			As at 30 June
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
Current				
Assets	—	3,283,130	6,220,226	7,381,119
Liabilities	—	(1,746,097)	(2,737,428)	(3,016,831)
Total current net assets	—	1,537,033	3,482,798	4,364,288
Non-current				
Assets	—	6,376	38,633	49,321
Liabilities	—	(1,540,000)	(3,600,000)	(3,799,000)
Total non-current net liabilities	—	(1,533,624)	(3,561,367)	(3,749,679)
Net assets/(deficits)	—	3,409	(78,569)	614,609
Non-controlling interest's proportionate share of the net assets	N/A	N/A	N/A	301,159

Summarised consolidated income statements

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Loss before income tax	—	(8,787)	(109,011)	(41,408)	(49,789)
Income tax credit	—	2,196	27,033	10,323	12,367
Loss for the year/period	—	(6,591)	(81,978)	(31,085)	(37,422)
Total comprehensive income	—	(6,591)	(81,978)	(31,085)	(37,422)
Total comprehensive income allocated to non- controlling interests	—	—	—	—	(4,589)

Summarised consolidated statements of cash flows

	Year ended 31 December			Six months ended 30 June	
	2012	2013	2014	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Net cash (used in)/generated from operating activities	—	(3,202,319)	(2,102,307)	(1,244,264)	403,167
Net cash used in investing activities	—	(2,337)	(73,010)	(71,733)	(339,198)
Net cash generated from/(used in) financing activities	—	3,213,639	2,420,610	1,608,515	9,830
Net increase in cash and cash equivalents	—	8,983	245,293	292,518	73,799
Cash and cash equivalents at beginning of the year/period	—	—	8,983	8,983	254,276
Cash and cash equivalents at end of the year/period	—	8,983	254,276	301,501	328,075

35. Subsequent events

Save as those disclosed in elsewhere in this report, the following significant events took place subsequent to 30 June 2015:

- (a) On 18 September 2015, Rongxin Group, filed an application to the Shanghai Stock Exchange (the “SHSE”) for a public issuance, to qualified investors only, of corporate bonds to be listed and traded on the SHSE in an aggregate principal amount of up to RMB2.5 billion (the “Public Corporate Bonds”). Rongxin Group has obtained the pre-approval from SHSE and approval from China Securities Regulatory Commission (“CSRC”) on 29 October 2015 and 27 November 2015, respectively. Pursuant to the approval letter from CSRC to Rongxin Group, the Public Corporate Bonds shall be issued in tranches. The first tranche was issued in December 2015 with a nominal amount of RMB1.2 billion and a 5-year term at a coupon rate of 6.4% per annum, and the other tranches shall be issued within 24 months of the approval.

On 30 September 2015, Rongxin Group filed an application to the SHSE for a private placement of corporate bonds to be listed and traded on the SHSE in an aggregate principal amount of up to RMB5.0 billion to qualified investors only, and, on 3 November 2015, Rongxin Group also filed an application to the Shenzhen Stock Exchange (the “SZSE”) for a private placement of corporate bonds to be listed and traded on the SZSE in an aggregate principal amount of up to RMB3.5 billion to qualified investors only (the “Private Corporate Bonds” and, together with the Public Corporate Bonds, the “Corporate Bonds”). The Private Corporate Bonds can only be listed and traded on the SHSE and SZSE after Rongxin Group receives no-objection letters from the SHSE and SZSE and completes the private placements of the Private Corporate Bonds. On 12 November 2015 and 17 November 2015, Rongxin Group received a no-objection letter from the SZSE and SHSE, respectively. Rongxin Group will, subject to market conditions, determine the issue size, coupon rate, timing and other terms of the Private Corporate Bonds.

Rongxin Group plans to use all of the proceeds from the issuance of the Corporate Bonds, after deducting issuance related expenses, to refinance its existing indebtedness.

- (b) Pursuant to the written resolutions passed by the sole shareholder on 28 December 2015, subject to the share premium account of the Company being credited as a result of the issue of offer shares pursuant to the Global Offering, the directors of the Company were authorised to allot and issue a total of 1,012,499,000 shares credited as fully paid at par value to the holders of shares on the register of members of the Company at the close of business on the business day immediately preceding the listing date (or as they may direct) in proportion to their respective shareholdings by way of capitalisation of the sum of HK\$10,125 standing to the credit of the share premium account of the Company.

III. 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 2015 and up to the date of this report. Saved as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the other companies comprising the Group in respect of any period subsequent to 30 June 2015.

Yours faithfully,

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountant's Report from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included in this prospectus for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of our Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the net tangible assets of our Group attributable to equity holders of our Company as at 30 June 2015.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group as at 30 June 2015 or at any future dates after the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group as at 30 June 2015 as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	Audited consolidated net tangible assets attributable to equity holders of the Company as at 30 June 2015	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted net tangible assets attributable to equity holders of the Company as at 30 June 2015	Unaudited pro forma adjusted net tangible assets per share	Unaudited pro forma adjusted net tangible assets per share
	RMB'000 (Note 1)	RMB'000 (Note 2)	RMB'000	RMB (Note 3)	HK\$ (Note 5)
Based on the Offer Price of HK\$5.36 per share	2,009,985	1,443,364	3,453,349	2.56	3.12
Based on the Offer Price of HK\$6.13 per share	2,009,985	1,652,200	3,662,185	2.71	3.30

Notes:

- (1) The audited consolidated net tangible assets attributable to equity holders of the Company as of 30 June 2015 is extracted from the section headed "Appendix I—Accountant's Report" in this prospectus, which is based on the audited consolidated net assets of the Group attributable to equity holders of the Company as of 30 June 2015 of approximately RMB2,013,016,000 with an adjustment for the intangible assets as at 30 June 2015 of approximately RMB3,031,000.

- (2) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK\$5.36 per share and HK\$6.13 per share, being low and high end of the indicative Offer Price range, after deduction of the underwriting fees and other related expenses (excluding approximately RMB28.8 million listing expenses which have been accounted for prior to 30 June 2015) payable by our Company and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and may be allotted and repurchased by the Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis of 1,350,000,000 Shares are in issue assuming that the Global Offering and the Capitalisation Issue have been completed on 30 June 2015, but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option and may be allotted and repurchased by the Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (4) No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2015.
- (5) For the purpose of the estimated net proceeds from the Global Offering, the translation of RMB into HK\$ was at the rate of HK\$1.00 to RMB0.82.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, prepared 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 RONSHINE CHINA HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Ronshine China 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 statement of adjusted net tangible assets of the Group as at 30 June 2015 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 in Appendix II of the Company's prospectus dated 31 December 2015 (the "Prospectus"), in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described in pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 June 2015 as if the proposed initial public offering had taken place at 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the six months ended 30 June 2015, on which an accountant's report has been published.

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*

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").

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting 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 complies with ethical requirements and plans and performs 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 at 30 June 2015 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 judgment, 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.

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, 31 December 2015

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2015 of the property interests held by Ronshine China Holdings Limited.



仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No: C-030171

31 December 2015

The Board of Directors
Ronshine China Holdings Limited
17/F, Shimao International Center
No. 108 Guangda Road, Taijiang District
Fuzhou City, Fujian Province
The People's Republic of China

Dear Sirs,

In accordance with your instructions to value the property interests held by Ronshine China Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People's Republic of China (the “**PRC**”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 October 2015 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We have valued the property interest in Group I which was held and occupied by the Group, the property interests in Group II which were held by the Group for sale and the property interests in Group V which were held by the Group for future development as at the valuation date by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject properties.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificate/Tables or Building Ownership Certificates/Real Title Certificates thereof are issued for by the relevant local authorities, this also includes those property

interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates have been obtained.

In valuing the property interest in Group III which was held for investment by the Group, we have adopted the income approach by taking into account the net rental income of property interest derived from its existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the fair value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

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

For the purpose of our valuation, real estate developments under development are those the Construction Work Commencement Permits have been issued while the Construction Work Certified Report or Certificates of Completion of the buildings thereof are not issued.

For the property interests in Group VI which were contracted to be acquired by the Group as at the valuation date, the Group had entered into agreement with the relevant government authority. Since the Group had not yet obtained the State-owned Land Use Rights Certificates and/or the payment of the land premium had not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interests.

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

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

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

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

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — FenXun Partners, concerning the validity of the property interests in the PRC.

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

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

Inspection of the properties was carried out in the period between August 2014 and November 2015 by about 11 professional staff including Mr. Michael Yu, Mr. Legend Zhan, Mr. Dave Cui, Mr. Sifan Liu, Ms. Jennifer Xu, Ms. Kay Liu and etc. They are Chartered Surveyors/China Real Estate Appraisers and have more than 5 years' experience in the valuation of properties in the PRC and possess academic background in subjects relating to real estate valuation.

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

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

Our valuation is summarized below and the valuation certificates are attached.

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

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 21 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Market value in existing state as at 31 October 2015 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015 RMB
1.	Unit No. 1 on Level 12 of Lianxin Centre No. 1 Wuyi South Road Taijiang District Fuzhou City Fujian Province The PRC	27,200,000	100%	27,200,000
	Sub-total:	<u>27,200,000</u>		<u>27,200,000</u>

Group II — Property interests held for sale by the Group in the PRC

No.	Property	Market value in existing state as at 31 October 2015 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015 RMB
2.	The unsold portion of David City located at the northern side of Pushang Road and the eastern side of Beihongwan Road Cangshan District Fuzhou City Fujian Province The PRC	452,000,000	100%	452,000,000
3.	The unsold portion of Rongxin Spanish located at the northern side of Jinhong Road and the eastern side of Jinrong Road Cangshan District Fuzhou City Fujian Province The PRC	2,000,000	100%	2,000,000

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
4.	The unsold portion of Phases I and III of Rongxin Super Star City and Phase IV of Rongxin Super Star City (known as Broad View) located at the northern side of Jinshan Avenue and the western side of Hongwan Road Cangshan District Fuzhou City Fujian Province The PRC	23,000,000	100%	23,000,000
5.	The unsold portion of Lan County located at the eastern side of Industrial Road and the southern side of Hongshan Park Gulou District Fuzhou City Fujian Province The PRC	627,000,000	100%	627,000,000
6.	The unsold portion of Lan Hill located at the southwest junction of Tatou Road and Changle North Road Jin'an District Fuzhou City Fujian Province The PRC	252,000,000	50%	126,000,000
7.	The unsold portion of Show Kingdom located at the northeast junction of Guohuo Road and Jin'an South Road Jin'an District Fuzhou City Fujian Province The PRC	2,493,000,000	50%	1,246,500,000

APPENDIX III

PROPERTY VALUATION

No.	Property	Market value in existing state as at 31 October 2015 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015 RMB
8.	The unsold portion of Riverside City located at the southeast junction of Binxi Avenue and Lianjiang South Road Cangshan District Fuzhou City Fujian Province The PRC	73,000,000	50%	36,500,000
9.	The unsold portion of Beyond City located at the southwest junction of Jinxiang Road and Jinrong South Road Cangshan District Fuzhou City Fujian Province The PRC	37,000,000	40%	14,800,000
10.	The unsold portion of Lan Garden located at the eastern side of Putou Harbor, the southern side of Shuixian Street and the northern side of Jianyuan Road Longwen District Zhangzhou City Fujian Province The PRC	31,000,000	100%	31,000,000
11.	The unsold portion of Ocean City located at the western side of Haicang Avenue Haicang District Xiamen City Fujian Province The PRC	2,712,000,000	100%	2,712,000,000
Sub-total:		<u>6,702,000,000</u>		<u>5,270,800,000</u>

APPENDIX III**PROPERTY VALUATION****Group III — Property interest held for investment by the Group in the PRC**

No.	Property	Market value in existing state as at 31 October 2015 RMB	Interest attributable to the Group 50%	Market value attributable to the Group as at 31 October 2015 RMB
12.	The shopping mall of Show Kingdom located at the northeast junction of Guohuo Road and Jin'an South Road Jin'an District Fuzhou City Fujian Province The PRC	3,316,000,000		1,658,000,000
	Sub-total:	<u>3,316,000,000</u>		<u>1,658,000,000</u>

Group IV — Property interests held under development by the Group in the PRC

No.	Property	Market value in existing state as at 31 October 2015 RMB	Interest attributable to the Group 91%	Market value attributable to the Group as at 31 October 2015 RMB
13.	The White House located at the eastern side of Sanhuan Road and the western side of Hongwan Road Cangshan District Fuzhou City Fujian Province The PRC	2,857,000,000		2,599,870,000
14.	Pingtang David City located at the northern side of Qilin Road and the western side of Haibin High School Pingtang Comprehensive Experimental Zone Fujian Province The PRC	2,174,000,000	51%	1,108,740,000

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
15.	The Coast located at the southern side of Helin Road and the western side of Helin Central Park Jin'an District Fuzhou City Fujian Province The PRC	1,178,000,000	100%	1,178,000,000
16.	West Coast located at the north-eastern side of West Jiangbin Avenue County New Zone Minhou County Fuzhou City Fujian Province The PRC	2,099,000,000	50%	1,049,500,000
17.	Show Kingdom under construction located at the northeast junction of Guohuo Road and Jin'an South Road Jin'an District Fuzhou City Fujian Province The PRC	6,643,000,000	50%	3,321,500,000
18.	The Twin Harbour City under construction located at the southern side of Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road Taijiang District Fuzhou City Fujian Province The PRC	1,628,000,000	100%	1,628,000,000

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
19.	The Long Island under construction located at the southern side of Binjiang Road Changle County Fuzhou City Fujian Province The PRC	460,000,000	100%	460,000,000
20.	Ocean City under construction located at the western side of Haicang Avenue Haicang District Xiamen City Fujian Province The PRC	1,993,000,000	100%	1,993,000,000
21.	Lan Garden under construction located at the eastern side of Putou Harbor, the southern side of Shuixian Street and the northern side of Jianyuan Road Longwen District Zhangzhou City Fujian Province The PRC	1,031,000,000	100%	1,031,000,000
22.	Future City located at the southern side of Ring North Road, the northern side of Wuqiao North Road and the western side of Lanjing Road Longwen District Zhangzhou City Fujian Province The PRC	592,000,000	100%	592,000,000

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
23.	Festival City located at the southern side of Nanbin Avenue and the western side of the 4th Zhaixi Road No. 2 Development Zone Zhangzhou City Fujian Province The PRC	1,143,000,000	100%	1,143,000,000
24.	Imperial Land under construction located at the eastern side of Longteng South Road and the northern side of planned Jianyuan North Road Longwen District Zhangzhou City Fujian Province The PRC	1,002,000,000	50%	501,000,000
25.	College City located at the western side of the Dingzainei Mountain and the eastern side of Huangshan Road No. 2 Development Zone Zhangzhou City Fujian Province The PRC	724,000,000	100%	724,000,000
26.	Zhangzhou Harbor B8 Lot located at the northern side of Yonghong International Garden and the western side of Nanbin Avenue No. 2 Development Zone Zhangzhou City Fujian Province The PRC	531,000,000	100%	531,000,000

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
27.	Zhangzhou Wanke City under construction located at the eastern side of Jinfeng South Road and the southern side of Ruijing Road Xiangcheng District Zhangzhou City Fujian Province The PRC	1,306,000,000	20%	261,200,000
28.	Phase I of Blue Peacock located at the south-western side of Kongque Road and the eastern side of Fangzhi Road Gongshu District Hangzhou City Zhejiang Province The PRC	1,781,000,000	51%	908,310,000
29.	Phase II of Blue Peacock located at the southern side of Feihong Road, the eastern side of Huagong Road and the northern side of Yuying Road Gongshu District Hangzhou City Zhejiang Province The PRC	2,633,000,000	51%	1,342,830,000
30.	Hangzhou Mansion located at the southern side of Yuhangtang River and the eastern side of Xueyuan Road Xihu District Hangzhou City Zhejiang Province The PRC	3,789,000,000	100%	3,789,000,000

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
31.	Imperial Villa located at Lane No. 889 and 879 Zhiding Road Zhaoxiang Town Qingpu District Shanghai The PRC	2,442,000,000	51%	1,245,420,000
32.	French Legend located at the southern side of Lijiawan Road and the western side of Xinnonghe Road Songjiang District Shanghai The PRC	2,207,000,000	50%	1,103,500,000
33.	Shanghai Xujing Project located at the southern side of Guizeliu Road and the western side of Zhuguang Road Qingpu District Shanghai The PRC	6,758,000,000	50%	3,379,000,000
34.	Shanghai Huacao Lot I located at the western side of Panyang Road, the northern side of Jile Road, the eastern side of Planning Road and the southern side of Beiqing Road Huacao Town Minhang District Shanghai The PRC	481,000,000	50%	240,500,000
Sub-total:		<u>45,452,000,000</u>		<u>30,130,370,000</u>

Group V — Property interests held for future development by the Group in the PRC

No.	Property	Market value in existing state as at 31 October 2015 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015 RMB
35.	3 parcels of land and portion of another parcel of land of The Twin Harbor City located at the southern side of the Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road Taijiang District Fuzhou City Fujian Province The PRC	1,441,000,000	100%	1,441,000,000
36.	A parcel of land of The Long Island located at the southern side of Binjiang Road Changle County Fuzhou City Fujian Province The PRC	45,000,000	100%	45,000,000
37.	A parcel of land of Ocean City located at the eastern side of Haicang Avenue Haicang District Xiamen City Fujian Province The PRC	2,400,000	100%	2,400,000
38.	A parcel of land of Imperial Land located at the eastern side of Longteng South Road and the northern side of planned Jianyuan North Road Longwen District Zhangzhou City Fujian Province The PRC	3,000,000	50%	1,500,000

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
39.	A parcel of land and portion of another parcel of land of Zhangzhou Wanke City located at the eastern side of Jinfeng South Road, the southern side of Ruijing Road and the northern side of Jiangbin Road Xiangcheng District Zhangzhou City Fujian Province The PRC	721,000,000	20%	144,200,000
40.	A parcel of land known as Shanghai Huacao Lot II located at the western side of Panyang Road, the northern side of Minbei Road, the eastern side of Planning Road and the southern side of Guile Road Huacao Town Minhang District Shanghai The PRC	217,000,000	50%	108,500,000
41.	Shanghai Huacao Lot III located at the western side of Panyang Road, the northern side of Guile Road, the eastern side of Planning Road and the southern side of Jile Road Huacao Town Minhang District Shanghai The PRC	177,000,000	25%	44,250,000
Sub-total:		<u>2,606,400,000</u>		<u>1,786,850,000</u>

Group VI — Property interests contracted to be acquired by the Group in the PRC

No.	Property	Market value in existing state as at 31 October 2015 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015 RMB
42.	11 parcels of land of The Twin Harbor City located at the southern side of the Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road Taijiang District Fuzhou City Fujian Province The PRC	No commercial value	100%	No commercial value
43.	3 parcels of land of The Long Island located at the southern side of Binjiang Road Changle County Fuzhou City Fujian Province The PRC	No commercial value	100%	No commercial value
44.	A parcel of land of Zhangzhou Wanke City located at the western side of Zhishan South Road and the southern side of Shengli West Road Xiangcheng District Zhangzhou City Fujian Province The PRC	No commercial value	20%	No commercial value

APPENDIX III**PROPERTY VALUATION**

No.	Property	Market value in existing state as at 31 October 2015	Interest attributable to the Group	Market value attributable to the Group as at 31 October 2015
		RMB		RMB
45.	A parcel of land known as Shanghai Huacao Lot IV located at the western side of Panyang Road, the northern side of Jile Road, the eastern side of Planning Road and the southern side of Beiqing Road Huacao Town Minhang District Shanghai The PRC	No commercial value	50%	No commercial value
Sub-total:		<u><u>Nil</u></u>		<u><u>Nil</u></u>
Grand-total:		<u><u>58,103,600,000</u></u>		<u><u>38,873,220,000</u></u>

VALUATION CERTIFICATE

Group I — Property interest held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB
1.	Unit No. 1 on Level 12 of Lianxin Centre No. 1 Wuyi South Road Taijiang District Fuzhou City Fujian Province The PRC	The property comprises an office unit on Level 12 in a 26-storey office building known as Lianxin Centre which was completed in 2005. The property is located at the eastern side of Wuyi South Road and the southern side of Guohuo West Road in the core business area of Fuzhou City which is well-served by adequate public facilities and convenient public transportation. The property has a gross floor area of approximately 1,724.7 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 18 September 2046 for office use.	The property was occupied by the Group for office use as at the valuation date.	27,200,000 (100% interest attributable to the Group: RMB27,200,000)

Notes:

- Pursuant to a State-owned Land Use Rights Certificate — Rong Tai Guo Yong (2009) Di No. 00283912576, the land use rights of the property with an apportioned site area of approximately 137.7 sq.m. have been granted to Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company) for a term of 40 years expiring on 18 September 2046 for office use.
- Pursuant to a Building Ownership Certificate — Rong Fang Quan Zheng R Zi Di No. 0717900, the property with a gross floor area of approximately 1,724.7 sq.m. is owned by Fujian Rongxin Property Development Co., Ltd. (the former name of Rongxin Group).
- Pursuant to a Mortgage Contract, the property is subject to a mortgage in favour of China Huarong Asset Management Co., Ltd., China (Shanghai) Pilot Free Trade Zone Branch.
- We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - Rongxin Group is the owner of the property and has the rights to legally occupy, use, lease and dispose of the property; and
 - As advised by the Group, the property is free from any restrictions arising from any sequestration, mortgages or other third party’s rights except for being subject to the aforesaid mortgage.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	Yes

6. In undertaking our valuation of the property, we have made reference to various recent sales prices of office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of office premises range from RMB13,000 to RMB16,000 per sq.m. The unit rate assumed by us is consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB15,800 per sq.m. for the property.

VALUATION CERTIFICATE

Group II — Property interests held for sale by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB										
2.	The unsold portion of David City located at the northern side of Pushang Road and the eastern side of Beihongwan Road Cangshan District Fuzhou City Fujian Province The PRC	The property comprises various residential and commercial units and car parking spaces of a residential and commercial development known as David City which was completed in various stages between 2011 and 2013. The property is located at the northern side of Pushang Road and the eastern side of Beihongwan Road in Cangshan District of Fuzhou City. The subject area of the property is well-served by public transportation with 20 minutes’ driving distance to the city centre. The locality of the property is a well-developed residential area with a good natural environment with reasonable proximity to Jinshan Park. The property has a total gross floor area of approximately 32,817.00 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>7,981.02</td></tr><tr><td>Commercial</td><td>3,326.91</td></tr><tr><td>Car parking spaces (894 car parking lots)</td><td><u>21,509.07</u></td></tr><tr><td>Total:</td><td><u>32,817.00</u></td></tr></table> The land use rights of the property have been granted for terms of 70 years expiring on 31 October 2076 for residential use and 40 years expiring on 31 October 2046 for commercial use.	Usage	Gross Floor Area (sq.m.)	Residential	7,981.02	Commercial	3,326.91	Car parking spaces (894 car parking lots)	<u>21,509.07</u>	Total:	<u>32,817.00</u>	The property was vacant for sale as at the valuation date.	452,000,000 (100% interest attributable to the Group: RMB452,000,000)
Usage	Gross Floor Area (sq.m.)													
Residential	7,981.02													
Commercial	3,326.91													
Car parking spaces (894 car parking lots)	<u>21,509.07</u>													
Total:	<u>32,817.00</u>													

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2005) No. 171 dated 30 March 2010 entered into between the State-owned Land Resources Bureau of Fuzhou City and Fujian Rongxin Property Development Co., Ltd. (the former name of Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company)), the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Fujian Rongxin Property Development Co., Ltd. with the particulars as follows:

Site Area	:	191,255 sq.m.
Land Use	:	Residential and Commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	≤1.7
Land Premium	:	RMB500,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350101(2009)00173, permission towards the planning of the aforesaid land parcels with a total site area of approximately 191,255 sq.m. has been granted to Rongxin Group.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels (including the land use rights of the property) with a total site area of approximately 191,254.7 sq.m. have been granted to Rongxin Group. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2013) Di No. 30336305167	92,583.0	31 October 2076 31 October 2046	Residential Commercial
(2)	Rong Guo Yong (2013) Di No. 30236305172	98,671.7	31 October 2076 31 October 2046	Residential Commercial
Total:		<u>191,254.7</u>		

4. Pursuant to 6 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Rongxin Group, the construction works of David City have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350101 (2009) 10197	49,169.97	16 December 2009
(2)	Jian Zi Di No. 350101(2009) 10115	42,983.92	2 September 2009
(3)	Jian Zi Di No. 350101(2009) 10176	118,036.90	1 December 2009
(4)	Jian Zi Di No. 350101(2009) 10177	136,856.85	1 December 2009
(5)	Jian Zi Di No. 350101(2009) 10178	79,043.82	2 December 2009
(6)	Jian Zi Di No. 350101(2009) 10196	4,263.55	16 December 2009
Total:		<u>430,355.01</u>	

APPENDIX III

PROPERTY VALUATION

5. Pursuant to 4 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Rongxin Group, the commencement of the construction works of David City has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	350005200708300101	101,201.71	7 September 2007
(2)	350005200710290101	122,411.00	11 December 2007
(3)	350005200707130101	81,137.30	11 December 2007
(4)	350005200707240201	115,399.34	7 September 2007
Total:		<u><u>420,149.35</u></u>	

6. Pursuant to 16 Pre-sale Permits, Rongxin Group is entitled to sell portion of David City (including the property) with a total gross floor area of approximately 294,971 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	(2011) Rong Fang Xu Zi Di No. 3437	3,540	29 August 2012
(2)	(2011) Rong Fang Xu Zi Di No. 3470	2,558	26 February 2011
(3)	(2011) Rong Fang Xu Zi Di No. 3365	44,180	5 July 2012
(4)	(2011) Rong Fang Xu Zi Di No. 3295	17,078	26 March 2012
(5)	(2012) Rong Fang Xu Zi Di No. 3492	44,046	13 March 2012
(6)	(2011) Rong Fang Xu Zi Di No. 3421	28,179	26 September 2011
(7)	(2010) Rong Fang Xu Zi Di No. 3138	15,741	5 February 2010
(8)	(2011) Rong Fang Xu Zi Di No. 3283	30,870	20 January 2012
(9)	(2011) Rong Fang Xu Zi Di No. 3337	34,014	12 March 2012
(10)	(2010) Rong Fang Xu Zi Di No. 3180	13,012	11 June 2010
(11)	(2010) Rong Fang Xu Zi Di No. 3134	16,033	29 January 2010
(12)	(2011) Rong Fang Xu Zi Di No. 3469	9,959	26 December 2011
(13)	(2009) Rong Fang Xu Zi Di No. 3101	12,612	30 November 2009
(14)	(2009) Rong Fang Xu Zi Di No. 3119	14,894	23 December 2009
(15)	(2013) Rong Fang Xu Zi Di No. 3742	3,327	18 July 2013
(16)	(2010) Rong Fang Xu Zi Di No. 3268	4,928	29 January 2013
Total:		<u><u>294,971</u></u>	

7. Pursuant to 10 Construction Work Completion and Inspection Tables, portion of David City with a total gross floor area of approximately 361,878.68 sq.m. (including the property) has been approved to be complied with the urban and rural planning requirements.
8. As advised by Rongxin Group, portion of the property with a total gross floor area of approximately 2,142.95 sq.m. has been pre-sold to various purchasers at a total consideration of RMB52,819,976. Such portion of the property has not been legally and virtually transferred to purchasers and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted price of such portion.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Rongxin Group has obtained all requisite approvals in respect of the development and construction of the property which has completed and passed final acceptance of construction from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/ approvals/ certificates of the property mentioned above are revoked, abolished or repealed; and
 - b. Rongxin Group is legally in possession of the land use rights of the property by means of grant. As advised by the Group, the land use rights of the property are free from any restrictions arising from any sequestration, mortgages, other third party's rights or any other legal impediment which may affect the legal sale of the property.
10. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Building Ownership Certificate | No |
| c. | Construction Land Planning Permit | Yes |
| d. | Construction Work Planning Permit | Yes |
| e. | Construction Work Commencement Permit | Yes |
| f. | Pre-sale Permit | Yes |
| g. | Construction Work Completion and Inspection Certificate/Table | Yes |
11. In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB11,000 to RMB31,000 per sq.m. The prices of commercial premises of ground floor range from RMB19,000 to RMB25,000 per sq.m. In respect of car parking spaces, the prices range from RMB180,000 to RMB210,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB14,000 to RMB29,000 per sq.m. for the residential portion, RMB23,000 per sq.m. for the commercial portion and RMB190,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB
3.	The unsold portion of Rongxin Spanish located at the northern side of Jinhong Road and the eastern side of Jinrong Road Cangshan District Fuzhou City Fujian Province The PRC	The property comprises various unsold car parking spaces of a residential and commercial development known as Rongxin Spanish which was completed in 2008. The property is located at the northern side of Jinhong Road and the eastern side of Jinrong Road in Cangshan District of Fuzhou City. The subject area of the property is well-served by public transportation and well-established public facilities. The locality of the property is a well-developed residential area served by Cangshan Vanda Plaza and Jingang Park. The property includes 9 car parking spaces with a total gross floor area of approximately 220.62 sq.m. The land use rights of the property have been granted for terms of 70 years expiring on 8 December 2075 for residential use and 40 years expiring on 8 December 2045 for commercial use.	The property was vacant for sale as at the valuation date.	2,000,000 (100% interest attributable to the Group: RMB2,000,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2005) No. 068 dated 6 July 2005 entered into between the State-owned Land Resources Bureau of Fuzhou City and Fujian Rongxin Property Development Co., Ltd. (the former name of Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company)), the land use rights of a parcel of land (including the land use rights of the property) were contracted to be granted to Fujian Rongxin Property Development Co., Ltd. with the particulars as follows:

Site Area	:	59,401 sq.m.
Land Use	:	Residential and Commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	≤1.7
Land Premium	:	RMB134,000,000

- Pursuant to a Construction Land Planning Permit — Rong Gui (2006) Yong Di Di No. 00148, permission towards the planning of the aforesaid land parcel with a site area of approximately 59,401 sq.m. has been granted to Rongxin Group.
- Pursuant to a State-owned Land Use Rights Certificate — Rong Guo Yong (2005) Di No. 81536500541, the land use rights of the aforesaid land parcel (including the land use rights of the property) with a site area of approximately 59,401 sq.m. have been granted to Rongxin Group for terms of 70 years expiring on 8 December 2075 for residential use and 40 years expiring on 8 December 2045 for commercial use.

4. Pursuant to a Construction Work Planning Permit — Rong Gui (2006) Jian Zi Di Di No. 00172 issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Rongxin Group, the construction works of Rongxin Spanish with a gross floor area of approximately 110,383.10 sq.m. have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 350005200609150101 issued by the Construction Committee of Fuzhou City in favour of Rongxin Group, the commencement of the construction works of Rongxin Spanish with a gross floor area of approximately 110,383.10 sq.m. has been permitted.
6. Pursuant to a Construction Work Completion and Inspection Table, Rongxin Spanish with a gross floor area of approximately 109,760.9 sq.m. has been approved to be complied with the urban and rural planning requirements.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Rongxin Group has obtained all requisite approvals in respect of the development and construction of the property which has completed and passed final acceptance of construction from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the property mentioned above are revoked, abolished or repealed; and
 - b. Rongxin Group is legally in possession of the land use rights of the property by means of grant. As advised by the Group, the land use rights of the property are free from any restrictions arising from any sequestration, mortgages, other third party's rights or any other legal impediment which may affect the legal sale of the property.
8. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table	Yes
9. In undertaking our valuation of the property, we have made reference to various recent sales prices of car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of car parking spaces range from RMB180,000 to RMB235,000 per lot. The unit rate assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to location and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB220,000 per lot for the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB
4.	The unsold portion of Phases I and III of Rongxin Super Star City and Phase IV of Rongxin Super Star City (known as Broad View) located at the northern side of Jinshan Avenue and the western side of Hongwan Road Cangshan District Fuzhou City Fujian Province The PRC	The property comprises various unsold car parking spaces of the commercial and residential developments known as Phases I and III of Rongxin Super Star City and Phase IV of Rongxin Super Star City (known as Broad View) completed in various stages between 2008 and 2010. The property is located at the northern side of Jinshan Avenue and the western side of Hongwan Road in Cangshan District of Fuzhou City. The subject area of the property is in a well-developed Development Zone called Jinshan Industrial Park with convenient public transportation. Meanwhile, the neighboring area of the subject property is a mature residential community with well-established public and infrastructure facilities, including Rongxin Primary School, Rongxin Aquarium, Fuzhou Science and Technology Museum and Jinshan Da Jing Cheng Shopping Plaza. The property comprises 138 car parking spaces with a total gross floor area of approximately 4,082.85 sq.m. The land use rights of the property have been granted for terms of 70 years expiring on 24 November 2073, 24 December 2073, 2 June 2074 and 9 February 2074 for residential use and 40 years expiring on 24 November 2043, 24 December 2043, 2 June 2044 and 9 February 2044 for commercial use.	The property was vacant for sale as at the valuation date.	23,000,000 (100% interest attributable to the Group: RMB23,000,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2003) No. 74 dated 14 July 2003 entered into between the State-owned Land Resources Bureau of Fuzhou City and Mr. Ou Zonghong and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 30 September 2013 entered into between the State-owned Land Resources Bureau of Fuzhou City and Fujian Rongxin Property Development Co., Ltd. (the former name of Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company)), the land use rights of 5 parcels of land (including the land use rights of the property) were contracted to be granted to Fujian Rongxin Property Development Co., Ltd. with the particulars as follows:

Site Area	:	204,249 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial use and 70 years for residential use
Plot Ratio	:	≤2.0
Land Premium	:	RMB247,000,000

2. Pursuant to a Construction Land Planning Permit — Rong Gui (2004) Yong Di Di No. 10038, permission towards the planning of the aforesaid land parcels with total a site area of approximately 204,244.02 sq.m. has been granted to Rongxin Group.
3. Pursuant to 5 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels (including the land use rights of the property) with a total site area of approximately 204,249.00 sq.m. have been granted to Rongxin Group. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2003) Di No. 00014300271	49,787.00	24 November 2073 24 November 2043	Residential Commercial
(2)	Rong Guo Yong (2006) Di No. 29935400054	4,469.00	2 June 2074 2 June 2044	Residential Commercial
(3)	Rong Guo Yong (2004) Di No. 000043000120	37,333.00	2 June 2074 2 June 2044	Residential Commercial
(4)	Rong Guo Yong (2006) Di No. 00004300064	62,495.00	9 February 2074 9 February 2044	Residential Commercial
(5)	Rong Guo Yong (2003) Di No. 00014300294	50,165.00	24 December 2073 24 December 2043	Residential Commercial
Total:		204,249.00		

4. Pursuant to 3 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Rongxin Group, the construction works of portion of Phases I, III and IV of Rongxin Super Star City (including the property) have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	Rong Gui (2004) Jian Zi Di No. 10159	90,096.00	11 August 2006
(2)	Rong Gui (2006) Jian Zi Di No. 00110	92,558.94	17 December 2008
(3)	Jian Zi Di 350101 (2009) No. 10121	134,815.00	2 September 2009
Total:		<u>317,469.94</u>	

5. Pursuant to 3 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Rongxin Group, the commencement of the construction works of portion of Phases I, III and IV of Rongxin Super Star City (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	350005200407140101	41,928	29 October 2004
(2)	350005200606260101	93,951	29 June 2006
(3)	350005200704120201	134,815	20 June 2007
Total:		<u>270,694</u>	

6. Pursuant to 2 Pre-sale Permits, Rongxin Group is entitled to sell portion of Phases I, III and IV of Rongxin Super Star City (including the property) with a total gross floor area of approximately 20,342 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	(2008) Rong Fang Xu Zi Di No. 2614	5,706	25 July 2008
(2)	(2008) Rong Fang Xu Zi Di No. 2613	14,636	1 December 2009
Total:		<u>20,342</u>	

7. Pursuant to 2 Construction Work Completion and Inspection Tables, portion of Phases I, III and IV of Rongxin Super Star City with a total gross floor area of approximately 174,657.57 sq.m. (including the property) has been approved to be complied with the urban and rural planning requirements.
8. As advised by Rongxin Group, portion of the property with a total gross floor area of 2,097.84 sq.m. has been pre-sold to various purchasers at a total consideration of RMB13,083,190. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Rongxin Group has obtained all requisite approvals in respect of the development and construction of the property which has completed and passed final acceptance of construction from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the property mentioned above are revoked, abolished or repealed; and

- b. Rongxin Group is legally in possession of the land use rights of the property by means of grant. As advised by the Group, the land use rights of the property are free from any restrictions arising from any sequestration, mortgages, other third party's rights or any other legal impediment which may affect the legal sale of the property.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table	Yes

11. In undertaking our valuation of the property, we have made reference to various recent sales prices of car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of car parking spaces range from RMB160,000 to RMB195,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to location and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB165,000 to RMB180,000 per lot for the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015										
				RMB										
5.	The unsold portion of Lan County located at the eastern side of Industrial Road and the southern side of Hongshan Park Road Gulou District Fuzhou City Fujian Province The PRC	The property comprises various residential units and car parking spaces of a residential development known as Lan County which was completed in 2014. The property is located at the eastern side of Industrial Road and the southern side of Hongshan Park Road which is the core area of Fuzhou City and well-served by adequate facilities and convenient public transportation. The locality of the property enjoys elegant environment with reasonable proximity to Xichan Temple and Fujian Medical University. The property has a total gross floor area of approximately 60,600.47 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>158.59</td></tr><tr><td>Resettlement housing</td><td>29,837.03</td></tr><tr><td>Car parking spaces (928 car parking lots)</td><td><u>30,604.85</u></td></tr><tr><td>Total:</td><td><u>60,600.47</u></td></tr></table> The land use rights of the property have been granted for a term of 70 years expiring on 6 February 2082 for residential use.	Usage	Gross Floor Area (sq.m.)	Residential	158.59	Resettlement housing	29,837.03	Car parking spaces (928 car parking lots)	<u>30,604.85</u>	Total:	<u>60,600.47</u>	The property was vacant for sale as at the valuation date.	627,000,000 (100% interest attributable to the Group: RMB627,000,000)
Usage	Gross Floor Area (sq.m.)													
Residential	158.59													
Resettlement housing	29,837.03													
Car parking spaces (928 car parking lots)	<u>30,604.85</u>													
Total:	<u>60,600.47</u>													

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2011) No. 20 dated 8 June 2011 entered into between the State-owned Land Resources Bureau of Fuzhou City and Rongxin (Fujian) Investment Group Co., Ltd. (a wholly-owned subsidiary of the Company) and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 8 July 2011 entered into among the State-owned Land Resources Bureau of Fuzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Rongxin (Fuzhou) Investment Development Co., Ltd. (“Fuzhou Investment”, a 51%-owned subsidiary of the Company), the land use rights of 3 parcels of land (including the land use rights of the property) were contracted to be granted to Fuzhou Investment with the particulars as follows:

Site Area	:	69,618 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	≥2.0 and ≤2.8
Land Premium	:	RMB1,632,000,000

APPENDIX III

PROPERTY VALUATION

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350101201100168, permission towards the planning of the aforesaid land parcels with a total site area of approximately 69,618.4 sq.m. has been granted to Fuzhou Investment.
3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels with a total site area of approximately 69,618.40 sq.m. have been granted to Fuzhou Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2012) Di No. 31334200037	29,578.40	6 February 2082	Residential
(2)	Rong Guo Yong (2012) Di No. 31334200038	27,200.70	6 February 2082	Residential
(3)	Rong Guo Yong (2012) Di No. 31434100039	12,839.30	6 February 2082	Residential
Total:		<u>69,618.40</u>		

4. Pursuant to 3 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fuzhou Investment, the construction works of Lan County have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350101201210021	98,262.10	1 March 2012
(2)	Jian Zi Di No. 350101201210022	131,035.90	1 March 2012
(3)	Jian Zi Di No. 350101201210023	40,561.03	2 March 2012
Total:		<u>269,859.03</u>	

5. Pursuant to 2 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fuzhou Investment, the commencement of the construction works of Lan County has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350005201203080101	138,823.13	29 March 2012
(2)	350005201203080201	131,035.90	31 March 2012
Total:		<u>269,859.03</u>	

6. Pursuant to 11 Pre-sale Permits, Fuzhou Investment is entitled to sell portion of Lan County with a total gross floor area of approximately 213,654 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2013) Rong Fang Xu Zi Di No. 3664	24,648	6 March 2014
(2)	(2012) Rong Fang Xu Zi Di No. 3607	10,418	7 January 2014
(3)	(2012) Rong Fang Xu Zi Di No. 3536	29,684	21 July 2014
(4)	(2012) Rong Fang Xu Zi Di No. 3572	13,293	28 October 2013
(5)	(2012) Rong Fang Xu Zi Di No. 3546	12,953	29 September 2013
(6)	(2013) Rong Fang Xu Zi Di No. 3727	49,751	30 May 2014
(7)	(2013) Rong Fang Xu Zi Di No. 3651	16,272	6 March 2014
(8)	(2013) Rong Fang Xu Zi Di No. 3652	13,323	24 February 2014
(9)	(2013) Rong Fang Xu Zi Di No. 3657	10,759	30 January 2013
(10)	(2012) Rong Fang Xu Zi Di No. 3625	16,276	6 March 2014
(11)	(2013) Rong Fang Xu Zi Di No. 3656	16,277	8 January 2014
Total:		<u>213,654</u>	

7. Pursuant to 3 Construction Work Completion and Inspection Tables, Lan County has been approved to be complied with the urban and rural planning requirements.
8. As confirmed by the Company, the Company holds 100% interest in Fuzhou Investment as at the valuation date.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Fuzhou Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - Fuzhou Investment is legally in possession of the land use rights of the property by means of grant. As advised by the Group, the land use rights of the property are free from any restrictions arising from any sequestration, mortgages, other third party's rights or any other legal impediment which may affect the legal sale of the property.

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

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

11. In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB20,000 to RMB24,000 per sq.m. In respect of car parking spaces, the prices range from RMB290,000 to RMB335,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB21,600 per sq.m. for the residential portion and RMB295,000 per lot for the car parking spaces portion. As advised by the Group, the buyback price of the resettlement housing portion is RMB11,713 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015										
				RMB										
6.	The unsold portion of Lan Hill located at the southwest junction of Tatou Road and Changle North Road Jin'an District Fuzhou City Fujian Province The PRC	The property comprises the unsold portion of a commercial and residential development known as Lan Hill completed in various stages between 2013 and 2015. The property is located at the southern side of Tatou Road and the western side of Changle North Road in Jin'an District of Fuzhou City. The subject area of the property is well-served by public transportation with about 2.5 km distance to Dong Jie Kou, the most flourishing commerce circle of this city and about 1 km away from the entrance of Fuzhou 2nd Ring Road which makes it easy to access to other districts of Fuzhou City. The neighboring area of the subject property is a mature residential community with well-established public and infrastructure facilities. The property has a total gross floor area of approximately 11,195.83 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>241.58</td></tr><tr><td>Commercial</td><td>3,059.97</td></tr><tr><td>Car parking spaces (276 car parking lots)</td><td><u>7,894.28</u></td></tr><tr><td>Total:</td><td><u>11,195.83</u></td></tr></table> The land use rights of the property have been granted for terms of 70 years expiring on 19 January 2081 for residential use and 40 years expiring on 19 January 2051 for commercial use.	Usage	Gross Floor Area (sq.m.)	Residential	241.58	Commercial	3,059.97	Car parking spaces (276 car parking lots)	<u>7,894.28</u>	Total:	<u>11,195.83</u>	The property was vacant for sale as at the valuation date.	252,000,000 (50% interest attributable to the Group: RMB126,000,000)
Usage	Gross Floor Area (sq.m.)													
Residential	241.58													
Commercial	3,059.97													
Car parking spaces (276 car parking lots)	<u>7,894.28</u>													
Total:	<u>11,195.83</u>													

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2009) No. 017 dated 13 July 2009 and 3 Supplemental Agreements — Rong Di He (2009) No. 017 Bu No. 1 - 2009, Rong Di He (2009) No. 017 Bu No. 2 - 2009 and Rong Di He (2009) No. 017 Bu No. 3 - 2010, the land use rights of 2 parcels of land (including the land use rights of the property), were contracted to be granted to Fuzhou Shiou Investment Development Co., Ltd. ("Fuzhou Shiou Investment", a wholly-owned subsidiary of Fuzhou Shiou Property Development Co., Ltd. which is a 50%-50% joint venture of the Company) with the particulars as follows:

Site Area	:	48,313 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial use and 70 years for residential use
Plot Ratio	:	≤2.6
Land Premium	:	RMB1,106,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350101(2010)00133, permission towards the planning of the aforesaid land parcels with a total site area of approximately 48,313 sq.m. has been granted to Fuzhou Shiou Investment.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels (including the land use rights of the property) with a total site area of approximately 48,313 sq.m. have been granted to Fuzhou Shiou Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2011) Di No. 33233400256	19,327	19 January 2081 19 January 2051	Residential Commercial
(2)	Rong Guo Yong (2011) Di No. 33233400276	28,986	19 January 2081 19 January 2051	Residential Commercial
Total:		<u>48,313</u>		

4. Pursuant to 2 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fuzhou Shiou Investment, the construction works of Lan Hill have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350101201110018	53,186.84	16 February 2011
(2)	Jian Zi Di No. 350101201110032	115,571.64	17 March 2011
Total:		<u>168,758.48</u>	

5. Pursuant to 2 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fuzhou Shiou Investment, the commencement of the construction works of Lan Hill has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350005201102240301	53,186.84	1 March 2011
(2)	350005201102240201	115,571.64	17 May 2011
Total:		<u>168,758.48</u>	

6. Pursuant to 8 Pre-sale Permits, Fuzhou Shiou Investment is entitled to sell portion of Lan Hill (including the property) with a total gross floor area of approximately 121,787.28 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2012) Rong Fang Xu Zi Di No. 3590	2,220.00	9 November 2012
(2)	(2012) Rong Fang Xu Zi Di No. 3526	14,351.00	26 June 2012
(3)	(2011) Rong Fang Xu Zi Di No. 3463	12,528.00	6 December 2011
(4)	(2013) Rong Fang Xu Zi Di No. 0003	25,869.28	13 June 2013
(5)	(2013) Rong Fang Xu Zi Di No. 3745	39,019.00	31 July 2013
(6)	(2013) Rong Fang Xu Zi Di No. 3634	1,914.00	14 January 2013
(7)	(2012) Rong Fang Xu Zi Di No. 3474	12,943.00	12 January 2012
(8)	(2011) Rong Fang Xu Zi Di No. 3382	12,943.00	2 August 2011
Total:		<u>121,787.28</u>	

7. Pursuant to 3 Fujian Housing Construction Work Completion and Inspection Reports, Lan Hill with a total gross floor area of approximately 166,189.30 sq.m. has been approved to be complied with the urban and rural planning requirements.
8. As advised by Fujian Shiou Investment, portion of the property with a total gross floor area of 510.04 sq.m. has been pre-sold to various purchasers at a total consideration of RMB8,115,482. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Fuzhou Shiou Investment is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fuzhou Shiou Investment is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights;
 - Fuzhou Shiou Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;
 - For portion of the property which is in compliance with the condition of pre-sale, Fuzhou Shiou Investment has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits;
 - Fuzhou Shiou Investment is a wholly-owned subsidiary of Fuzhou Shiou Property Development Co., Ltd. ("Shiou Property") which is a 50%-50% joint venture between Rongxin (Fujian) Investment Group Co., Ltd. (a wholly-owned subsidiary of the Company) and Zhenro Group; and
 - Fuzhou Shiou Investment has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

11. In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of commercial premises range from RMB40,000 to RMB60,000 per sq.m. The prices of residential premises range from RMB20,000 to RMB25,500 per sq.m. In respect of car parking spaces, the prices range from RMB250,000 to RMB570,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB45,000 per sq.m. for the commercial portion, RMB19,800 per sq.m. for the residential portion and RMB398,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015																
				RMB																
7.	The unsold portion of Show Kingdom located at the northeast junction of Guohuo Road and Jin'an South Road Jin'an District Fuzhou City Fujian Province The PRC	The property comprises the unsold portion of a composite development complex known as Show Kingdom completed in 2015. The property is located at the northern side of Guohuo Road, the eastern side of Jin'an South Road in Jin'an District of Fuzhou City. The subject area of the property is well-served by public transportation with about 2.5 km distance to Dong Jie Kou, the most flourishing traditional commerce circle of this City and about 1 km away from the entrance of Fuzhou 2nd Ring Road which can easily access to other districts of Fuzhou City. The neighboring area of the subject property is a mature residential community with well-established public and infrastructure facilities. The property has a total gross floor area of approximately 145,764.43 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>36,778.12</td></tr><tr><td>Resettlement housing</td><td>52,233.87</td></tr><tr><td>Resettlement retail</td><td>500.00</td></tr><tr><td>Commercial</td><td>7,970.61</td></tr><tr><td>Office</td><td>26,418.99</td></tr><tr><td>Car parking spaces (718 car parking lots)</td><td><u>21,862.84</u></td></tr><tr><td>Total:</td><td><u>145,764.43</u></td></tr></table> The land use rights of the property have been granted for terms of 70 years expiring on 29 November 2080 for residential use and 40 years expiring on 29 November 2050 for commercial service use.	Usage	Gross Floor Area (sq.m.)	Residential	36,778.12	Resettlement housing	52,233.87	Resettlement retail	500.00	Commercial	7,970.61	Office	26,418.99	Car parking spaces (718 car parking lots)	<u>21,862.84</u>	Total:	<u>145,764.43</u>	The property was vacant for sale as at the valuation date.	2,493,000,000 (50% interest attributable to the Group: RMB1,246,500,000)
Usage	Gross Floor Area (sq.m.)																			
Residential	36,778.12																			
Resettlement housing	52,233.87																			
Resettlement retail	500.00																			
Commercial	7,970.61																			
Office	26,418.99																			
Car parking spaces (718 car parking lots)	<u>21,862.84</u>																			
Total:	<u>145,764.43</u>																			

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2010) No. 008 dated 20 February 2010 and 6 Supplemental Agreements, the land use rights of 8 parcels of land (including the land use rights of the property) were

contracted to be granted to Fujian Shiou Investment Development Co., Ltd. (“Fujian Shiou Investment”, a wholly-owned subsidiary of Fuzhou Shiou Property Development Co., Ltd. which is a 50%-50% joint venture of the Company) with the particulars as follows:

Site Area	:	250,707 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≤5.0
Land Premium	:	RMB5,965,184,274

- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350101201000844, permission towards the planning of the aforesaid land parcels with a total site area of approximately 254,352.1 sq.m. has been granted to Fujian Shiou Investment.
- Pursuant to 5 State-owned Land Use Rights Certificates, the land use rights of the 5 parcels of land (including the land use rights of the property) with a total site area of approximately 180,155.00 sq.m. have been granted to Fujian Shiou Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2014) Di No. 33234700013	113,271.00	26 August 2080 26 August 2050	Residential Commercial service
(2)	Rong Guo Yong (2010) Di No. 33134505322	21,112.00	29 November 2080	Residential
(3)	Rong Guo Yong (2011) Di No. 33134500275	20,000.00	29 November 2080 29 November 2050	Residential Commercial service
(4)	Rong Guo Yong (2013) Di No. 33234405095	24,942.00	29 November 2080 29 November 2050	Residential Commercial service
(5)	Rong Guo Yong (2012) Di No. 33234700082	830.00	29 November 2080 29 November 2050	Residential Commercial service
Total:		<u>180,155.00</u>		

- Pursuant to 8 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fujian Shiou Investment, the construction works of portion of Show Kingdom (including the property) have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350101201110084	236,319.79	28 June 2011
(2)	Jian Zi Di No. 350101201110077	45,111.88	31 May 2011
(3)	Jian Zi Di No. 350101201110071	250,775.30	26 May 2011
(4)	Jian Zi Di No. 350101201110038	3,200.00	29 March 2011
(5)	Jian Zi Di No. 350101201010900	190,813.88	30 December 2010
(6)	Jian Zi Di No. 350101201110055	141,686.64	26 April 2011
(7)	Jian Zi Di No. 350101201110074	148,666.10	27 May 2011
(8)	Jian Zi Di No. 350101201310036	33,814.26	9 April 2013
Total:		<u>1,050,387.85</u>	

5. Pursuant to 7 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fujian Shiou Investment, the commencement of the construction works of portion of Show Kingdom (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Rong Jin Jian (2011) Xu No. 006	236,319.79	26 August 2011
(2)	Rong Jin Jian (2011) Xu No. 004	45,111.88	16 June 2011
(3)	Rong Jin Jian (2011) Xu No. 003	253,975.30	3 June 2011
(4)	Rong Jin Jian (2011) Xu No. 001	190,813.00	20 January 2011
(5)	350005201110240201	141,961.97	18 November 2011
(6)	350005201110240101	148,534.72	18 November 2011
(7)	350005201206190201	142,590.85	17 July 2012
Total:		<u>1,159,307.51</u>	

6. Pursuant to 10 Pre-sale Permits, Fujian Shiou Investment is entitled to sell the portion of Show Kingdom (including portion of the property) with a total gross floor area of approximately 302,236.39 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2013) Rong Fang Xu Zi Di No. 3688	32,105.00	29 March 2013
(2)	(2012) Rong Fang Xu Zi Di No. 3558	26,514.00	17 September 2012
(3)	(2012) Rong Fang Xu Zi Di No. 3518	26,491.00	23 May 2012
(4)	(2012) Rong Fang Xu Zi Di No. 3507	53,770.00	13 April 2012
(5)	(2012) Rong Fang Xu Zi Di No. 3538	25,587.00	26 July 2012
(6)	(2012) Rong Fang Xu Zi Di No. 3584	51,094.00	6 November 2012
(7)	(2013) Rong Fang Xu Zi Di No. 3537	4,456.00	26 July 2012
(8)	(2013) Rong Fang Xu Zi Di No. 0011	45,912.39	13 August 2013
(9)	(2013) Rong Fang Xu Zi Di No. 3717	31,551.00	14 May 2013
(10)	(2013) Rong Fang Xu Zi Di No. 3720	4,756.00	20 December 2013
Total:		<u>302,236.39</u>	

7. Pursuant to 9 Fujian Housing Construction Work Completion and Inspection Reports, portion of Show Kingdom (including the property) has been approved to be complied with the urban and rural planning requirements.
8. As advised by Fujian Shiou Investment, portion of the property with a total gross floor area of 45,640.10 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,191,608,368. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
9. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of a large portion of land and portion of the construction works of the property are subject to mortgages in favour of various third parties.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Fujian Shiou Investment is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fujian Shiou Investment is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgages;
 - b. Fujian Shiou Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/ approvals/ certificates of the construction works are revoked, abolished or repealed;
 - c. For portion of the property which is in compliance with the condition of pre-sale, Fujian Shiou Investment has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Fujian Shiou Investment neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagees;
 - d. Fujian Shiou Investment is a wholly-owned subsidiary of Fuzhou Shiou Property Development Co., Ltd. ("Shiou Property") which is a 50%-50% joint venture between Rongxin (Fujian) Investment Group Co., Ltd. (a wholly-owned subsidiary of the Company) and Zhenro Group; and
 - e. Fujian Shiou Investment has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit Portion | Yes |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes |
12. In undertaking our valuation of the property, we have made reference to various recent sales prices of residential, retail and office premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB18,000 to RMB23,000 per sq.m. The prices of office premises range from RMB16,000 to RMB25,000 per sq.m. The prices of commercial premises range from RMB50,000 to RMB130,000 per sq.m. In respect of car parking spaces, the prices range from RMB250,000 to RMB380,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB22,000 per sq.m. for the residential portion, RMB80,000 per sq.m. for the commercial portion, RMB22,000 per sq.m. for the office portion, and RMB280,000 to RMB380,000 per lot for the car parking spaces portion. As advised by the Group, the total buyback price of the resettlement housing and resettlement retail portions are RMB172,879,968.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015										
				RMB										
8.	The unsold portion of Riverside City located at the southeast junction of Binxi Avenue and Lianjiang South Road Cangshan District Fuzhou City Fujian Province The PRC	The property comprises the unsold portion of a commercial and residential development known as Riverside City completed in various stages between 2012 and 2013. The property is located at the southern side of Binxi Avenue and the eastern side of Lianjiang South Road in Cangshan District of Fuzhou City. The subject area of the property is known as the South Riverside Area with river view of Minjiang River and connects the East New Town and the old town of Fuzhou City with well-established road network. About 3 km away to its east is the Conference and Exhibition Centre of Fuzhou City and it is about 10 km away from Fuzhounan Railway Station. The neighboring area of the subject property is mature residential community with well-established public and infrastructure facilities. The property has a total gross floor area of approximately 7,342.45 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>142.65</td></tr><tr><td>Commercial</td><td>178.01</td></tr><tr><td>Car parking spaces (232 car parking lots)</td><td><u>7,021.79</u></td></tr><tr><td>Total:</td><td><u>7,342.45</u></td></tr></table> The land use rights of the property have been granted for terms of 70 years expiring on 22 May 2077 for residential use, 50 years expiring on 22 May 2057 for cultural and recreational use and 40 years expiring on 22 May 2047 for commercial use.	Usage	Gross Floor Area (sq.m.)	Residential	142.65	Commercial	178.01	Car parking spaces (232 car parking lots)	<u>7,021.79</u>	Total:	<u>7,342.45</u>	The property was vacant for sale as at the valuation date.	73,000,000 (50% interest attributable to the Group: RMB36,500,000)
Usage	Gross Floor Area (sq.m.)													
Residential	142.65													
Commercial	178.01													
Car parking spaces (232 car parking lots)	<u>7,021.79</u>													
Total:	<u>7,342.45</u>													

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2007) No. 01 dated 9 January 2007 and 3 Supplemental Agreements, the land use rights of 3 parcels of land (including the land use rights of the property), were contracted to be granted to Fuzhou Shiou Property Development Co., Ltd. ("Shiou Property", a 50%-50% joint venture of the Company) with the particulars as follows:

Site Area	:	40,479.6 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial use and 70 years for residential use
Plot Ratio	:	≤2.5
Land Premium	:	RMB422,000,000

2. Pursuant to 3 Construction Land Planning Permits, permission towards the planning of the aforesaid land parcels has been granted to Shiou Property. The details are set out as follows:

No.	Permit No.	Site Area (sq.m.)	Issuance date
(1)	Rong Gui (2007) Yong Di Di No. 00373	40,479.6	10 September 2007
(2)	Rong Gui (2007) Yong Di Di No. 00374	31,538.0	10 September 2007
(3)	Di Zi Di No. 350101 (2009) 00189	10,357.0	22 September 2009
Total:		<u>82,374.6</u>	

3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of 3 parcels of land (including the land use rights of the property) with a total site area of approximately 82,374.7 sq.m. have been granted to Shiou Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2007) Di No. 33635700168	40,479.6	20 May 2047	Commercial
			20 May 2077	Residential
(2)	Rong Guo Yong (2007) Di No. 33735700169	31,538.1	20 May 2047	Commercial
			20 May 2057	Cultural and Recreational
			20 May 2077	Residential
(3)	Rong Guo Yong (2009) Di No. 33935812839	10,357.0	20 May 2047	Residential
			20 May 2077	
Total:		82,374.7		

4. Pursuant to 2 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Shiou Property, the construction works of portion of Riverside City (including the property) with a total gross floor area of approximately 267,716.29 sq.m. have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Rong Gui (2007) Jian Zi Di No. 00196	229,834.78	28 November 2007
(2)	Jian Zi Di No. 350101 (2009) 10204	37,881.51	22 December 2009
Total:		<u>267,716.29</u>	

5. Pursuant to a Construction Work Commencement Permit — No. 350005200810130201 issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Shiou Property, the commencement of the construction works of portion of Riverside City (including the property) with a planned gross floor area of approximately 120,840 sq.m. has been permitted.
6. Pursuant to 2 Pre-sale Permits, Shiou Property is entitled to sell portion of Riverside City (including the property) with a total gross floor area of approximately 33,535.00 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2011) Rong Fang Xu Zi Di No. 3453	14,869.00	October 2013
(2)	(2011) Rong Fang Xu Zi Di No. 3344	18,666.00	April 2012
Total:		<u>33,535.00</u>	

7. Pursuant to a Construction Work Completion and Inspection Table, portion of Riverside City (including the property) with a gross floor area of approximately 36,930.37 sq.m. has been approved to be complied with the urban and rural planning requirements.
8. As advised by Shiou Property, portion of the property with a total gross floor area of approximately 2,518.17 sq.m. has been pre-sold to various purchasers at a total consideration of RMB29,739,423. Such portion of the property has not been legally and virtually transferred to purchasers and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted price of such portion.
9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Shiou Property has obtained all requisite approvals in respect of the development and construction of the property which has completed and passed final acceptance of construction from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/ approvals/ certificates of the property mentioned above are revoked, abolished or repealed;
 - Shiou Property is legally in possession of the land use rights of the property by means of grant. As advised by the Group, the land use rights of the property are free from any restrictions arising from any sequestration, mortgages, other third party's rights or any other legal impediment which may affect the legal sale of the property;
 - Shiou Property is a joint venture between Rongxin Group and Zhenro Group and they have each contributed 50% of the registered capital with a total amount of RMB129,600,000. Rongxin Group and Zhenro Group have made their capital contributions to Shiou Property and shall draw dividends in proportion to their actual capital contributions; and
 - Shiou Property has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

11. In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB14,000 to RMB18,000 per sq.m. The prices of commercial premises range from RMB30,000 to RMB60,000 per sq.m. In respect of car parking spaces, the prices range from RMB250,000 to RMB400,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB16,200 per sq.m. for the commercial portion, RMB34,700 per sq.m. for the commercial portion and RMB277,700 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015
				RMB
9.	The unsold portion of Beyond City located at the southwest junction of Jinxiang Road and Jinrong South Road Cangshan District Fuzhou City Fujian Province The PRC	The property comprises various unsold car parking spaces and retail units of a commercial and residential development known as Beyond City with a total gross floor area of approximately 2,684.66 sq.m. completed in various stages between 2009 and 2010. The property is located at the southern side of Jinxiang Road and the western side of Jinrong South Road in Cangshan District of Fuzhou City. The subject area of the property is the core area of Fuzhou City's southbound expansion. The property is well-served by Jinshan light railway station and bus hub and it is very convenient to access other areas of Fuzhou City such as Taijiang, Jin'an and Gulou. The neighboring area of the subject property is a mature residential well-established with adequate public and infrastructure facilities. The land use rights of the property have been granted for terms of 40 years expiring on 3 August 2046 for commercial use and 70 years expiring on 3 August 2076 for residential use.	The property was vacant for sale as at the valuation date.	37,000,000 (40% interest attributable to the Group: RMB14,800,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2005) No. 172 dated 8 December 2005 entered into between the State-owned Land Resources Bureau of Fuzhou City and Ou Zonghong and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 19 April 2006 entered into among the State-owned Land Resources Bureau of Fuzhou City, Ou Zonghong and Fuzhou Shiou Property Development Co., Ltd. ("Shiou Property", a 50%-50% joint venture of the Company), the land use rights of 3 parcels of land were contracted to be granted to Shiou Property with the particulars as follows:

Site Area	:	152,979 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial use and 70 years for residential use
Plot Ratio	:	≤1.7
Land Premium	:	RMB450,000,000

- Pursuant to a Construction Land Planning Permit — Rong Gui (2006) Yong Di Di No. 00297, permission towards the planning of the aforesaid land parcels with a total site area of approximately 152,979 sq.m. has been granted to Shiou Property.

APPENDIX III

PROPERTY VALUATION

3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels with a total site area of approximately 152,995 sq.m. have been granted to Shiou Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2010) Di No. 30835705291	48,171	3 August 2076 3 August 2046	Residential Commercial
(2)	Rong Guo Yong (2006) Di No. 30835800224	83,920	3 August 2076 3 August 2046	Residential Commercial
(3)	Rong Guo Yong (2006) Di No. 30836000224	20,904	3 August 2076 3 August 2046	Residential Commercial
Total:		<u>152,995</u>		

4. Pursuant to 4 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Shiou Property, the construction works of Beyond City have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Rong Gui (2007) Jian Zi Di No.00009	31,271.40	27 December 2006
(2)	Rong Gui (2007) Jian Zi Di No.00025	59,848.80	15 February 2007
(3)	Rong Gui (2007) Jian Zi Di No.00026	46,734.16	15 February 2007
(4)	Rong Gui (2007) Jian Zi Di No.00027	<u>175,652.76</u>	15 February 2007
Total:		<u>313,507.12</u>	

5. Pursuant to 3 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Shiou Property, the commencement of the construction works of Beyond City has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350005200703020101	91,120.20	10 April 2007
(2)	350005200703020201	175,652.76	10 April 2007
(3)	350005200703020301	<u>46,734.16</u>	10 April 2007
Total:		<u>313,507.12</u>	

6. Pursuant to 6 Pre-sale Permits, Shiou Property is entitled to sell portion of Beyond City (including the property) with a total gross floor area of approximately 111,449 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2008) Rong Fang Xu Zi Di No. 2553	26,921.00	27 February 2008
(2)	(2009) Rong Fang Xu Zi Di No. 2717	46,237.00	23 February 2009
(3)	(2009) Rong Fang Xu Zi Di No. 2781	9,866.00	29 October 2009
(4)	(2010) Rong Fang Xu Zi Di No. 3154	4,870.00	30 March 2012
(5)	(2008) Rong Fang Xu Zi Di No. 2631	6,724.00	24 September 2008
(6)	(2009) Rong Fang Xu Zi Di No. 3067	<u>16,831.00</u>	15 October 2009
Total:		<u>111,449.00</u>	

7. Pursuant to 2 Construction Work Completion and Inspection Tables, portion of Beyond City with a total gross floor area of approximately 11,996.5 sq.m. (including the property) have been approved to be complied with the urban and rural planning requirements.
8. As advised by Shiou Property, portion of the property with a total gross floor area of approximately 654.25 sq.m. has been pre-sold to various purchasers at a total consideration of RMB11,338,849. Such portion of the property has not been legally and virtually transferred to purchasers and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted price of such portion.
9. Pursuant to an agreement, the Company holds 40% interest in Beyond City.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Shiou Property has obtained all requisite approvals in respect of the development and construction of the property which has been completed and passed final acceptance of construction from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the property mentioned above are revoked, abolished or repealed;
 - b. Shiou Property is legally in possession of the land use rights of the property by means of grant. As advised by the Group, the land use rights of the property are free from any restrictions arising from any sequestration, mortgages, other third party's rights or any other legal impediment which may affect the legal sale of the property;
 - c. Shiou Property is a joint venture between Rongxin Group and Zhenro Group and they have each contributed 50% of the registered capital with a total amount of RMB129,600,000. Rongxin Group and Zhenro Group have made their capital contributions to Shiou Property and shall draw dividends in proportion to their actual capital contributions; and
 - d. Shiou Property has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.
11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Building Ownership Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

12. In undertaking our valuation of the property, we have made reference to various recent sales prices of commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of commercial premises range from RMB20,000 to RMB40,000 per sq.m. In respect of car parking spaces, the prices range from RMB170,000 to RMB210,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB22,000 to RMB24,000 per sq.m. for the retail portion and RMB174,100 per lot for the car parking space portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015								
				RMB								
10.	The unsold portion of Lan Garden located at the eastern side of Putou Harbor, the southern side of Shuixian Street and the northern side of Jianyuan Road Longwen District Zhangzhou City Fujian Province The PRC	The property comprises various unsold residential units and car parking spaces of a residential development known as Lan Garden which was completed in 2015. The property is located at the eastern side of Putou Harbor, the southern side of Shuixian Street and the northern side of Jianyuan Road in Longwen District of Zhangzhou City. The subject area of the property is well-served by public transportation with 5 minutes’ driving distance to the city centre. The locality of the property is a mature residential area with a good natural environment and commercial facilities with reasonable proximity to Lake Ecological Park, Wanda Plaza as well as Zhangzhou Municipal Government. The property has a total gross floor area of approximately 5,383.04 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>722.78</td></tr><tr><td>Car parking spaces (138 car parking spaces)</td><td>4,660.26</td></tr><tr><td>Total:</td><td><u>5,383.04</u></td></tr></table> The land use rights of the property have been granted for terms of 40 years expiring on 27 December 2050 for commercial service use, 70 years expiring on 27 December 2080 for residential use and 50 years expiring on 27 December 2060 for composite use.	Usage	Gross Floor Area (sq.m.)	Residential	722.78	Car parking spaces (138 car parking spaces)	4,660.26	Total:	<u>5,383.04</u>	The property was vacant for sale as at the valuation date.	31,000,000 (100% interest attributable to the Group: RMB31,000,000)
Usage	Gross Floor Area (sq.m.)											
Residential	722.78											
Car parking spaces (138 car parking spaces)	4,660.26											
Total:	<u>5,383.04</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 5 March 2007 entered into between the State-owned Land and Resources Bureau of Zhangzhou City and Sun Shaofeng, the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Sun Shaofeng with the particulars as follows:

Site Area	:	111,144 sq.m. (56,765.69 sq.m. for Lot 1 and 54,378.31sq.m. for Lot 2)
Land Use	:	Lot 1: Residential and Commercial Lot 2: Hotel
Land Term	:	70 years for residential use, 40 years for commercial service use and 50 years for composite use
Plot Ratio	:	≤4.5 (Lot 1) ≤2.5 (Lot 2)
Land Premium	:	RMB262,530,000

2. Pursuant to a Contract and an Agreement both dated 23 December 2009 entered into between Sun Shaofeng and Rongxin (Fujian) Investment Co., Ltd., 2 parcels of land (including the land use rights of the property) were contracted to be transferred to Rongxin Group.
3. Pursuant to a Supplemental Agreement of State-owned Land Use Rights Grant Contract mentioned in note 1 dated 5 March 2007, Rongxin (Zhangzhou) Property Co., Ltd. ("Rongxin Zhangzhou Property", a wholly-owned subsidiary of the Company), was authorized to develop aforesaid land parcels.
4. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350600201000050, permission towards the planning of a parcel of land (including the property) with a site area of approximately 62,260.55 sq.m. (including green space of 5,494.86 sq.m.) has been granted to Rongxin Zhangzhou Property.
5. Pursuant to a State-owned Land Use Rights Certificate — Zhang Guo Yong (2011) Di No.111392, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 56,765.69 sq.m. have been granted to Rongxin Zhangzhou Property for terms of 40 years expiring on 27 December 2050 for commercial service use, 70 years expiring on 27 December 2080 for residential use and 50 years expiring on 27 December 2060 for composite use.
6. Pursuant to 3 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Zhangzhou City in favour of Rongxin Zhangzhou Property, the construction works of Lan Garden (including the property) have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350600201100006	158,405	14 March 2011
(2)	Jian Zi Di No. 350600201100007	137,956	14 March 2011
(3)	Jian Zi Di No. 350600201100008	25,930	14 March 2011
Total:		<u>322,291</u>	

7. Pursuant to 2 Construction Work Commencement Permits issued by the Construction Bureau of Zhangzhou City/the Housing and Urban and Rural Construction Bureau of Zhangzhou City in favour of Rongxin Zhangzhou Property, the commencement of the construction works of Lan Garden (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	No. 350600201109130101	184,335	13 September 2011
(2)	No. 350600201204190201	137,956	19 April 2012
Total:		<u>322,291</u>	

8. Pursuant to 7 Pre-sale Permits, Rongxin Zhangzhou Property is entitled to sell portion of Lan Garden (including the property) with a total gross floor area of approximately 170,491.05 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	2012 (Zhang) Fang Yu Shou Zheng Di No. 026	24,863.88	23 April 2012
(2)	2012 (Zhang) Fang Yu Shou Zheng Di No. 029	28,498.82	27 April 2012
(3)	2012 (Zhang) Fang Yu Shou Zheng Di No. 060	21,271.54	26 July 2012
(4)	2012 (Zhang) Fang Yu Shou Zheng Di No. 077	24,576.92	26 September 2012
(5)	2012 (Zhang) Fang Yu Shou Zheng Di No. 099	21,382.16	22 November 2012
(6)	2013 (Zhang) Fang Yu Shou Zheng Di No. 007	23,996.14	16 January 2013
(7)	2013 (Zhang) Fang Yu Shou Zheng Di No. 113	25,901.59	25 October 2013
Total:		<u>170,491.05</u>	

9. As advised by Rongxin Zhangzhou Property, portion of the property with a total gross floor area of 678.05 sq.m. has been pre-sold to various purchasers at a total consideration of RMB5,175,970. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
10. Pursuant to 6 Construction Work Completion and Inspection Tables, portion of Lan Garden with a total gross floor area of approximately 182,274.32 sq.m. has been approved to be complied with the urban and rural planning requirements.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Rongxin Zhangzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Rongxin Zhangzhou Property is entitled to use the land parcel mentioned in note 5 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 5 is free from any restrictions arising from any sequestration, mortgages or other third party's rights;
 - Rongxin Zhangzhou Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - For portion of the property which is in compliance with the condition of pre-sale, Rongxin Zhangzhou Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Yes |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes |

13. In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB8,500 to RMB9,600 per sq.m. In respect of car parking spaces, the prices range from RMB190,000 to RMB270,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB8,300 per sq.m. for the residential portion and RMB180,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015								
				RMB								
11.	The unsold portion of Ocean City located at the western side of Haicang Avenue Haicang District Xiamen City Fujian Province The PRC	The property comprises various unsold office and commercial units of a composite development complex known as Ocean City completed in 2015. The property is located at the western side of Haicang Avenue in Haicang District of Xiamen City. It is close to Haicang Bridge which connects Haicang District and Xiamen Island, providing convenient access to the city centre. The surrounding environment of the property is a newly-developed residential area with several residential developments such as Haisheng Victoria, Zhongjun Lanwan Peninsula and Lvyuan New Town. The project also has a reasonable proximity to Xianyue Mountain, Xiamen Haicang Wild Animal Park and Gulang Islet. The property has a total gross floor area of approximately 126,534.95 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>122,200.27</td></tr><tr><td>Commercial</td><td>4,334.68</td></tr><tr><td>Total:</td><td><u>126,534.95</u></td></tr></table> The land use rights of the property have been granted for terms of 40 years expiring on 16 October 2052 for hotel and commercial service uses and 50 years expiring on 16 October 2062 for office use.	Usage	Gross Floor Area (sq.m.)	Office	122,200.27	Commercial	4,334.68	Total:	<u>126,534.95</u>	The property was vacant for sale as at the valuation date.	2,712,000,000 (100% interest attributable to the Group: RMB2,712,000,000)
Usage	Gross Floor Area (sq.m.)											
Office	122,200.27											
Commercial	4,334.68											
Total:	<u>126,534.95</u>											

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 35020520121017CG077 dated 17 October 2012 entered into between the State-owned Land Resources and Building Administration Bureau of Xiamen City, Haicang Sub-branch and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 9 November 2012 entered into among the State-owned Land Resources and Building Administration Bureau of Xiamen City, Haicang Branch, Rongxin (Fujian) Investment Group Co., Ltd. and Rongxin (Xiamen) Property Development Co., Ltd. ("Xiamen Property", a 51%-owned subsidiary of the

Company), the land use rights of 3 parcels of land (including the land use rights of the property) were contracted to be granted to Xiamen Property with the particulars as follows:

Site Area	:	151,344.199 sq.m.
Land Use	:	Office, hotel and commercial service
Land Term	:	50 years for office use and 40 years for hotel and commercial service uses
Plot Ratio	:	N/A
Land Premium	:	RMB871,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350205201210060, permission towards the planning of the aforesaid land parcels with a total site area of approximately 151,344.198 sq.m. (including the property) has been granted to Xiamen Property.
- Pursuant to a State-owned Land Use Rights Certificate — Xia Guo Tu Fang Zheng Di No. Di 00020210, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 68,655.60 sq.m. have been granted to Xiamen Property for terms of 40 years expiring on 16 October 2052 for hotel and commercial service uses and 50 years expiring on 16 October 2062 for office use.
- Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350205201310022 issued by the Planning Bureau of Xiamen City in favour of Xiamen Property, the construction works of portion of Ocean City (including the property) with a gross floor area of approximately 300,746.50 sq.m. have been approved.
- Pursuant to 2 Construction Work Commencement Permits issued by the Construction Bureau of Haicang Taiwanese Investment District of Xiamen City in favour of Xiamen Property, the commencement of the construction works of portion of Ocean City (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350211201305150101	157,950.09	15 May 2013
(2)	350211201305150201	142,796.41	15 May 2013
Total:		<u>300,746.50</u>	

- Pursuant to a Pre-sale Permit — Yu Shou Xu Ke Zheng Di No. 20130072, Xiamen Property is entitled to sell portion of Ocean City (including the property) with a total gross floor area of approximately 338,461.72 sq.m. to purchasers.
- As advised by Xiamen Property, portion of the property with a total gross floor area of 80,997.78 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,213,022,513. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
- Pursuant to 5 Construction Work Completion and Inspection Reports, portion of Ocean City (including the property) has been approved to be complied with the urban and rural planning requirements.
- Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of Industrial Bank Co., Ltd., Xiamen Sub-Branch.
- As confirmed by the Company, the Company holds 100% interest in Xiamen Property as at the valuation date.
- We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

- a. Xiamen Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Xiamen Property is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - b. Xiamen Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/ approvals/ certificates of the construction works are revoked, abolished or repealed; and
 - c. For portion of the property which is in compliance with the condition of pre-sale, Xiamen Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Yes |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes |
13. In undertaking our valuation of the property, we have made reference to various recent sales prices of commercial and office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of commercial premises of ground floor range from RMB20,000 to RMB40,000 per sq.m. The prices of office premises range from RMB17,000 to RMB23,000 per sq.m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices and daily room rates have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption. In valuing the property, we have adopted the assumed unit rate of RMB18,000 to RMB25,000 per sq.m. for the commercial portion and RMB19,000 to RMB22,000 per sq.m. for the office portion.

VALUATION CERTIFICATE

Group III — Property interest held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB																		
12.	The shopping mall of Show Kingdom located at the northeast junction of Guohuo Road and Jin'an South Road Jin'an District Fuzhou City Fujian Province The PRC	The property comprises a shopping mall within a large scale composite development known as Show Kingdom completed in 2015. The property is located at the northern side of Guohuo Road, the eastern side of Jin'an South Road in Jin'an District of Fuzhou City. The subject area of the property is well-served by public transportation with about 2.5 km distance to Dong Jie Kou, the most flourishing traditional commerce circle of this City and about 1 km away from the entrance of Fuzhou 2nd Ring Road which can easily access to other districts of Fuzhou City. The neighboring area of the subject property is a mature residential community with well-established public and infrastructure facilities. The property was completed in 2015. As advised by Fujian Shiou Investment, the property has a total gross floor area of approximately 234,086.11 sq.m. The details are set out as follows: <table><tr><th>Floor Levels</th><th>Gross Floor Area (sq.m.)</th></tr><tr><td>L1</td><td>25,291.88</td></tr><tr><td>L2</td><td>25,993.98</td></tr><tr><td>L3</td><td>25,493.23</td></tr><tr><td>L4</td><td>24,338.72</td></tr><tr><td>L5</td><td>12,956.15</td></tr><tr><td>Basement (inclusive of 1,508 car parking spaces)</td><td>117,762.98</td></tr><tr><td>Ancillary</td><td>2,249.17</td></tr><tr><td>Total:</td><td><u>234,086.11</u></td></tr></table>	Floor Levels	Gross Floor Area (sq.m.)	L1	25,291.88	L2	25,993.98	L3	25,493.23	L4	24,338.72	L5	12,956.15	Basement (inclusive of 1,508 car parking spaces)	117,762.98	Ancillary	2,249.17	Total:	<u>234,086.11</u>	As at the valuation date, portions of the property were rented to various third parties for commercial purpose whilst the remaining portions of the property were vacant.	3,316,000,000 (50% interest attributable to the Group: RMB1,658,000,000)
Floor Levels	Gross Floor Area (sq.m.)																					
L1	25,291.88																					
L2	25,993.98																					
L3	25,493.23																					
L4	24,338.72																					
L5	12,956.15																					
Basement (inclusive of 1,508 car parking spaces)	117,762.98																					
Ancillary	2,249.17																					
Total:	<u>234,086.11</u>																					
The land use rights of the property have been granted for a term of 40 years expiring on 29 November 2050 for commercial service use.																						

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2010) No. 008 dated 20 February 2010 and 6 Supplementary Contracts, the land use rights of Show Kingdom (including the land use rights of the property) were contracted to be granted to Fujian Shiou Investment with the particulars as follows:

Site Area	:	250,707 sq.m.
Land Use	:	Commercial and residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≤5.0
Land Premium	:	RMB5,965,184,274

2. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land, on which the property is located, with a total site area of approximately 49,528 sq.m. have been granted to Fujian Shiou Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2011) Di No. 33234500005	24,586	29 November 2080 29 November 2050	Residential Commercial service
(2)	Rong Guo Yong (2013) Di No. 33234405095	24,942	29 November 2080 29 November 2050	Residential Commercial service
Total:		<u>49,528</u>		

3. Pursuant to 2 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fujian Shiou Investment, the construction works of the property have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350101201310035	110,106.58	9 April 2013
(2)	Jian Zi Di No. 350101201310037	123,979.53	9 April 2013
Total:		<u>234,086.11</u>	

4. Pursuant to 2 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fujian Shiou Investment, the commencement of the construction works of 2 buildings of Show Kingdom (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350005201206190201	142,590.85	17 July 2012
(2)	350005201206270101	166,037.27	12 July 2012
Total:		<u>308,628.12</u>	

5. Pursuant to 2 Construction Work Completion and Inspection Tables, 2 buildings of Show Kingdom (including the property) with a total gross floor area of approximately 308,628.12 sq.m. have been approved to be complied with the urban and rural planning requirements.

6. As advised by the Group, the shopping center of the property has a total lettable area of approximately 98,708.58 sq.m. According to various Tenancy Agreements, portions of the shopping center of the property with a total lettable area of approximately 92,927.18 sq.m. were leased to various tenants with expiry dates between 30 December 2017 and 30 December 2034. The monthly rents of such units as at the valuation date range from RMB24 to RMB500 per sq.m., exclusive of management fees, water and electricity charges and other outgoings.
7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Fujian Shiou Investment is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fujian Shiou Investment is entitled to use the land parcels mentioned in note 2 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 2 are free from any restrictions arising from any sequestration, mortgages or other third party's rights;
 - Fujian Shiou Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;
 - Fujian Shiou Investment is a wholly-owned subsidiary of Fuzhou Shiou Property Development Co., Ltd. ("Shiou Property") which is a 50%-50% joint venture between Rongxin (Fujian) Investment Group Co., Ltd. (a wholly-owned subsidiary of the Company) and Zhenro Group; and
 - Fujian Shiou Investment has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.
8. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | N/A |
| f. | Construction Work Completion and Inspection Certificate/Table | Yes |
9. Our valuation has been made on the following basis and analysis:
- Fujian Shiou Investment has the rights to hold the property and receive incomes from operation of the property within its land use rights term expiring on 29 November 2050;
 - The overall occupancy rate of the property was about 94% as at the valuation date provided by Fujian Shiou Investment. Based on our market research, the allowed vacancy losses adopted in our valuation range from 1% to 4% considering the particular location of individual units of the property;
 - In valuing the shopping center of the property, we have considered the actual rents in existing tenancy agreements and also compared with similar properties in the same district with similar tenants as the property for the calculation of market rent in considering (1) reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area. Ground floor monthly rents of the comparables range from RMB200 to RMB550 per sq.m. (in lettable area). Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at

the ground floor market rent. We further derived the market rents of the upper floors with analysis of the physical layout and condition, taking into account the existing rental rate on each floor of the property. For shopping centers, apart from other different attributes between the comparables and the property for ground floor, the upper floors of malls additionally varied differently in the ease of internal vertical circulation (e.g. amount and location of lifts and escalators), therefore using comparable rent of the ground level as the starting basis of valuation analysis is considered appropriate;

In our valuation of the property, the term rents from existing tenancy agreements are basically parallel with the market rent derived from the comparables;

- d. Based on our analysis of recent sales and lettings of similar premises in the same district, and also consider the location and characteristics of the property, we have applied a market yield of 5.0% as the capitalization rate in the valuation; and
- e. For the car parking spaces of the property, we have applied a market yield of 3% and monthly rental of RMB485 per car parking space in our valuation considering their characteristics and market conditions.

VALUATION CERTIFICATE

Group IV — Property interests held under development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015																
				RMB																
13.	The White House located at the eastern side of Sanhuan Road and the western side of Hongwan Road Cangshan District Fuzhou City Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 134,789.9 sq.m. and a residential and commercial development (known as The White House) which was being constructed thereon as at the valuation date. The property is located at the eastern side of Sanhuan Road and the western side of Hongwan Road in Cangshan District of Fuzhou City. The locality of the property is a newly-developed residential area with a good natural environment and commercial facilities with reasonable proximity to Wulong River, Wulongjiang Wetland Park, Feifeng Mountain, Wanda Plaza and Outlets. The development of the property is scheduled to be completed in August 2017. Upon completion, the development will have a total planned gross floor area of approximately 407,423.81 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>261,378.32</td></tr><tr><td>Commercial</td><td>2,941.52</td></tr><tr><td>Hotel</td><td>39,035.15</td></tr><tr><td>Basement</td><td>89,618.40</td></tr><tr><td>(inclusive of 2,357 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>14,450.42</td></tr><tr><td>Total:</td><td><u>407,423.81</u></td></tr></table> The total construction cost is estimated to be approximately RMB2,914,000,000, of which approximately RMB1,284,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 29 June 2083 for residential use and 40 years expiring on 29 June 2053 for commercial service use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	261,378.32	Commercial	2,941.52	Hotel	39,035.15	Basement	89,618.40	(inclusive of 2,357 car parking spaces)		Ancillary	14,450.42	Total:	<u>407,423.81</u>	The property was under construction as at the valuation date.	2,857,000,000 (91% interest attributable to the Group: RMB2,599,870,000)
Usage	Planned Gross Floor Area (sq.m.)																			
Residential	261,378.32																			
Commercial	2,941.52																			
Hotel	39,035.15																			
Basement	89,618.40																			
(inclusive of 2,357 car parking spaces)																				
Ancillary	14,450.42																			
Total:	<u>407,423.81</u>																			

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2012) No. 18 dated 17 December 2012 entered into between the State-owned Land Resources Bureau of Fuzhou City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 6 March 2013 entered into among the State-owned Land Resources Bureau of Fuzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Rongxin (Fuzhou) Property Co., Ltd. (“Fuzhou Property”, a 51%-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Fuzhou Property with the particulars as follows:

Site Area	:	134,789 sq.m.
Land Use	:	Residential and Commercial
Land Term	:	70 years for residential use and 40 years for commercial service use
Plot Ratio	:	≥1.0 and ≤1.6
Land Premium	:	RMB1,121,000,000

- Pursuant to a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract in note 1 dated 31 May 2013 entered into between the State-owned Land Resources Bureau of Fuzhou City and Fuzhou Property, the maximum plot ratio of the property has been altered to 2.3 and Fuzhou Property should pay an additional land premium of RMB341,274,801 for the alteration. As advised by Fuzhou Property, the additional land premium has been fully settled.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350101201300062, permission towards the planning of the aforesaid land parcels with a total site area of approximately 134,788.5 sq.m. has been granted to Fuzhou Property.
- Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 134,788.9 sq.m. have been granted to Fuzhou Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2013) Di No. 30938005086	32,771.4	29 June 2083 29 June 2053	Residential Commercial service
(2)	Rong Guo Yong (2013) Di No. 30837905084	47,228.5	29 June 2083 29 June 2053	Residential Commercial service
(3)	Rong Guo Yong (2013) Di No. 31038105135	54,789.0	29 June 2083 29 June 2053	Residential Commercial service
Total:		<u>134,788.9</u>		

- Pursuant to 6 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fuzhou Property, the construction works of The White House have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350101201310084	87,118.96	19 August 2013
(2)	Jian Zi Di No. 350101201310120	35,809.69	12 December 2013
(3)	Jian Zi Di No. 350101201310121	130,223.52	16 December 2013
(4)	Jian Zi Di No. 350101201310085	97,858.65	19 August 2013
(5)	Jian Zi Di No. 350101201410016	53,445.55	19 February 2014
(6)	Jian Zi Di No. 350101201410017	2,967.44	19 February 2014
Total:		<u>407,423.81</u>	

6. Pursuant to 6 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fuzhou Property, the commencement of the construction works of The White House has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	350005201308090101	87,118.96	6 September 2013
(2)	350005201308090301	35,809.69	20 December 2013
(3)	350005201312180101	130,223.52	20 December 2013
(4)	350005201308260101	97,858.65	6 September 2013
(5)	350005201402250201	53,445.55	27 February 2014
(6)	350005201402250301	2,967.44	27 February 2014
Total:		<u>407,423.81</u>	

7. Pursuant to 11 Pre-sale Permits, Fuzhou Property is entitled to sell portion of The White House with a total gross floor area of approximately 227,847.67 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	(2013) Rong Fang Xu Zi Di No. 0016	24,428.32	30 September 2013
(2)	(2013) Rong Fang Xu Zi Di No. 0017	29,704.08	30 September 2013
(3)	(2013) Rong Fang Xu Zi Di No. 0043	27,011.60	29 November 2013
(4)	(2013) Rong Fang Xu Zi Di No. 0060	24,427.20	24 December 2013
(5)	(2014) Rong Fang Xu Zi Di No. 0105	25,847.37	10 March 2015
(6)	(2014) Rong Fang Xu Zi Di No. 0123	10,620.50	6 May 2014
(7)	(2014) Rong Fang Xu Zi Di No. 0157	38,323.62	22 July 2014
(8)	(2015) Rong Fang Xu Zi Di No. 0341	2,876.30	29 June 2015
(9)	(2015) Rong Fang Xu Zi Di No. 0296	25,733.88	2 April 2015
(10)	(2015) Rong Fang Xu Zi Di No. 0386	8,500.17	14 October 2015
(11)	(2015) Rong Fang Xu Zi Di No. 0393	10,374.63	30 October 2015
Total:		<u>227,847.67</u>	

8. As advised by Fuzhou Property, portion of the property with a total gross floor area of 140,393.67 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,940,219,249. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB5,213,000,000.
10. Pursuant to a Mortgage Contract, the land use rights of 2 parcels of land (under the State-owned Land Use Rights Certificate — Rong Guo Yong (2013) Di Nos. 30837905084 and 30938005086) and the construction works erected thereon are subject to a mortgage in favour of Evergrowing Bank Co., Ltd., Fuzhou Branch.
11. Pursuant to a Mortgage Contract, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Rong Guo Yong (2013) Di No. 31038105135) and the construction works erected thereon are subject to a mortgage in favour of Xiamen International Trust Co., Ltd.
12. As confirmed by the Company, the Company holds 91% interest in Fuzhou Property as at the valuation date.

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

- a. Fuzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fuzhou Property is entitled to use the land parcels mentioned in note 4 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 4 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgages;
- b. Fuzhou Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
- c. For portion of the property which is in compliance with the condition of pre-sale, Fuzhou Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Fuzhou Property neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagees.

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

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

15. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB14,000 to RMB21,000 per sq.m. The prices of commercial premises of ground floor range from RMB17,000 to RMB23,500 per sq.m. In respect of car parking spaces, the prices range from RMB220,000 to RMB250,000 per lot. In respect of hotel portion, the average daily room rates of five-star hotel range from RMB750 to RMB950 per room. The daily room rates as well as the unit rates of sales prices assumed by us are consistent with that of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices and daily room rates have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB14,000 to RMB20,000 per sq.m. for the residential portion, RMB17,000 per sq.m. for the commercial portion, and RMB240,000 per lot for the car parking spaces portion.

In valuing the hotel portion of the property as if completed, our adopted key assumptions are summarized as follows:

a.	Average daily room rate ("ADR")	RMB900 for year 1
b.	Annual growth in ADR	Stabilized at 4.0%
c.	Occupancy rate on available room basis	Stabilized at 75.0%
d.	Discount rate	8.5%
e.	Capitalization rate	5%

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015													
				RMB													
14.	Pingtang David City located at the northern side of Qilin Road and the western side of Haibin High School Pingtang Comprehensive Experimental Zone Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 111,320.48 sq.m. and a commercial and residential development (known as Pingtang David City) which was being constructed thereon as at the valuation date. The property is located at the northern side of Qilin Road and the western side of Haibin High School in Pingtang Comprehensive Experimental Zone. The locality of the property is a residential area with scattered retail shops, with 8 minutes' driving distance to the center of the zone. Living facilities such as shopping mall and hospital are still lack in this area but will be built within the next 5 years according to the local planning. The development of the property is scheduled to be completed in November 2016. Upon completion, the development will have a total planned gross floor area of approximately 426,927.77 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>296,995.61</td></tr><tr><td>Commercial</td><td>34,840.42</td></tr><tr><td>Basement</td><td>85,764.37</td></tr><tr><td>(inclusive of 2,424 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>9,327.37</td></tr><tr><td>Total:</td><td>426,927.77</td></tr></table> The total construction cost is estimated to be approximately RMB1,759,000,000, of which approximately RMB738,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 6 June 2083 for residential use and 40 years expiring on 6 June 2053 for commercial use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	296,995.61	Commercial	34,840.42	Basement	85,764.37	(inclusive of 2,424 car parking spaces)		Ancillary	9,327.37	Total:	426,927.77	The property was under construction as at the valuation date. 2,174,000,000 (51% interest attributable to the Group: RMB1,108,740,000)
Usage	Planned Gross Floor Area (sq.m.)																
Residential	296,995.61																
Commercial	34,840.42																
Basement	85,764.37																
(inclusive of 2,424 car parking spaces)																	
Ancillary	9,327.37																
Total:	426,927.77																

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts — Nos. 350128201301072012G020 and 350128201212062012G021 dated 14 January 2013 and 21 December 2012 respectively entered into between the Environment and State-owned Land Resources Bureau of Pingtan Comprehensive Experimental Zone and Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”) and 2 Supplemental Agreements of the aforesaid State-owned Land Use Rights Grant Contracts both dated 20 March 2013 entered into among the Environment and State-owned Land Resources Bureau of Pingtan Comprehensive Experimental Zone, Rongxin Group and Rongxin (Pingtan) Investment Development Co., Ltd. (“Pingtan Investment”, a 51%-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Pingtan Investment with the particulars as follows:

Land parcel No. 350128201301072012G020

Site Area	:	51,946.39 sq.m.
Land Use	:	Residential and Commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	≤3
Land Premium	:	RMB363,000,000

Land parcel No. 350128201212062012G021

Site Area	:	59,374.09 sq.m.
Land Use	:	Residential and Commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	≤3
Land Premium	:	RMB419,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350128201300004, permission towards the planning of the aforesaid land parcels with a total site area of approximately 111,320 sq.m. has been granted to Pingtan Investment.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 111,320.48 sq.m. have been granted to Pingtan Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Ping Tan Guo Yong (2013) Di No. 00331	51,946.39	6 June 2083 6 June 2053	Residential Commercial
(2)	Ping Tan Guo Yong (2013) Di No. 00332	59,374.09	6 June 2083 6 June 2053	Residential Commercial
Total:		<u>111,320.48</u>		

4. Pursuant to 2 Construction Work Planning Permits issued by the Planning Bureau of Pingtan Comprehensive Experimental Zone in favour of Pingtan Investment, the construction works of Pingtan David City have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350128201300009	206,993.16	20 August 2013
(2)	Jian Zi Di No. 350128201300012	219,934.61	16 October 2013
Total:		<u>426,927.77</u>	

5. Pursuant to 4 Construction Work Commencement Permits issued by the Transportation and Construction Bureau of Pingtan Comprehensive Experimental Zone in favour of Pingtan Investment, the commencement of the construction works of Pingtan David City has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350400201308290101	196,714.80	29 August 2013
(2)	350400201310250101	10,278.36	25 October 2013
(3)	350400201310250102	194,370.17	25 October 2013
(4)	350400201311050101	25,564.44	5 November 2013
Total:		<u>426,927.77</u>	

6. Pursuant to 16 Pre-sale Permits, Pingtan Investment is entitled to sell 24 buildings (Blocks A1 to A3, A5 to A13, A15, B1 to B3, B5 to B8, B9-1, B9-2, B10 and B11) of Pingtan David City with a total gross floor area of approximately 311,000.20 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2014) Lan Zong Shi Fang Xu Zi Di No. 03	15,201.02	21 March 2014
(2)	(2014) Lan Zong Shi Fang Xu Zi Di No. 04	25,225.58	25 April 2014
(3)	(2014) Lan Zong Shi Fang Xu Zi Di No. 09	28,544.80	25 July 2014
(4)	(2014) Lan Zong Shi Fang Xu Zi Di No. 13	25,570.88	26 September 2014
(5)	(2014) Lan Zong Shi Fang Xu Zi Di No. 14	30,998.00	26 September 2014
(6)	(2014) Lan Zong Shi Fang Xu Zi Di No. 21	16,565.13	18 December 2014
(7)	(2015) Lan Zong Shi Fang Xu Zi Di No. 7	15,192.97	1 April 2015
(8)	(2015) Lan Zong Shi Fang Xu Zi Di No. 9	39,935.59	1 April 2015
(9)	(2015) Lan Jian Fang Xu Zi Di No. 2	31,412.44	30 January 2015
(10)	(2015) Lan Jian Fang Xu Zi Di No. 5	32,054.85	15 February 2015
(11)	(2015) Lan Zong Shi Fang Xu Zi Di No. 12	12,303.52	24 April 2015
(12)	(2015) Lan Zong Shi Fang Xu Zi Di No. 14	12,978.70	30 April 2015
(13)	(2015) Lan Zong Shi Fang Xu Zi Di No. 15	12,313.35	15 May 2015
(14)	(2015) Lan Zong Shi Fang Xu Zi Di No. 17	2,639.87	29 May 2015
(15)	(2015) Lan Zong Shi Fang Xu Zi Di No. 27	6,124.64	28 August 2015
(16)	(2015) Lan Zong Shi Fang Xu Zi Di No. 28	3,938.86	28 August 2015
Total:		<u>311,000.20</u>	

7. As advised by Pingtan Investment, portion of the property with a total gross floor area of 174,114.17 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,475,920,093. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. Pursuant to a Mortgage Contract, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Ping Tan Guo Yong (2013) Di No. 00331) and the construction works erected thereon are subject to a mortgage in favour of Bank of China Co., Ltd., Pingtan Sub-Branch.
9. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Ping Tan Guo Yong (2013) Di No. 00332) are subject to a mortgage in favour of Agricultural Bank of China Co., Ltd., Pingtan Sub-Branch.
10. Pursuant to a Mortgage Contract, the land use rights of the property and the construction works erected thereon are subject to a mortgage in favour of Ping An Bank Co., Ltd., Shenzhen Branch. According to the relevant loan contract, this mortgage will be registered after release of the existing mortgages mentioned in notes 8 and 9.
11. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,382,000,000.
12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Pingtan Investment is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Pingtan Investment is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the existing mortgages and registration of the mortgage mentioned in note 10 after release of the existing mortgages;
 - b. Pingtan Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - c. For portion of the property which is in compliance with the condition of pre-sale, Pingtan Investment has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Pingtan Investment neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagees.
13. A summary of major certificates/approvals is shown as follows:

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

14. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB9,000 to RMB10,000 per sq.m. The prices of commercial premises of ground floor range from RMB20,000 to RMB28,000 per sq.m. In respect of car parking spaces, the prices range from RMB80,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed average unit rate of RMB9,500 per sq.m. for the residential portion, RMB12,700 per sq.m. for the commercial portion and RMB100,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB																
15.	The Coast located at the southern side of Helin Road and the western side of Helin Central Park Jin'an District Fuzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 49,959 sq.m. and a commercial and residential development (known as The Coast) which was being constructed thereon as at the valuation date. The property is located at the southern side of Helin Road and the western side of Helin Central Park in Jin'an District of Fuzhou City. The subject area of the property is well-served by public transportation with 5 minutes' driving distance to the Donghu Central Business Zone. 2 planned subway stations are close to the property. The locality of the property is a newly-developed residential area with good natural environment and various public facilities with reasonable proximity to the Helin Central Park, Jin'an Olympic Sports Center as well as an artificial lake in the planning stage. The development of the property is scheduled to be completed in September 2016. Upon completion, the development will have a total planned gross floor area of approximately 165,979.48 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>71,170.94</td></tr><tr><td>Talent apartment</td><td>49,933.69</td></tr><tr><td>Commercial</td><td>3,000.00</td></tr><tr><td>Basement</td><td>38,199.70</td></tr><tr><td>(inclusive of 1,046 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>3,675.15</td></tr><tr><td>Total:</td><td>165,979.48</td></tr></table> The total construction cost is estimated to be approximately RMB802,000,000, of which approximately RMB240,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 19 February 2084 for residential use and 40 years expiring on 19 February 2054 for commercial service use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	71,170.94	Talent apartment	49,933.69	Commercial	3,000.00	Basement	38,199.70	(inclusive of 1,046 car parking spaces)		Ancillary	3,675.15	Total:	165,979.48	The property was under construction as at the valuation date.	1,178,000,000 (100% interest attributable to the Group: RMB1,178,000,000)
Usage	Planned Gross Floor Area (sq.m.)																			
Residential	71,170.94																			
Talent apartment	49,933.69																			
Commercial	3,000.00																			
Basement	38,199.70																			
(inclusive of 1,046 car parking spaces)																				
Ancillary	3,675.15																			
Total:	165,979.48																			

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2013) No. 18 dated 30 July 2013 entered into between the State-owned Land Resources Bureau of Fuzhou City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 30 September 2013 entered into among the State-owned Land Resources Bureau of Fuzhou City, Rongxin Group and Rongxin (Fujian) Property Co., Ltd. ("Fujian Property", a 66%-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Fujian Property with the particulars as follows:

Site Area	:	49,959 sq.m.
Land Use	:	Residential and Commercial service
Land Term	:	70 years for residential use and 40 years for commercial service use
Plot Ratio	:	≤2.5
Land Premium	:	RMB925,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350101201300127, permission towards the planning of the aforesaid land parcel with a site area of approximately 49,957.2 sq.m. has been granted to Fujian Property.
- Pursuant to a State-owned Land Use Rights Certificate — Rong Guo Yong (2014) Di No. 33932900048, the land use rights of the property with a site area of approximately 49,959 sq.m. have been granted to Fujian Property for terms of 70 years expiring on 19 February 2084 for residential use and 40 years expiring on 19 February 2054 for commercial service use.
- Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350101201410057 dated 26 May 2014 issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fujian Property, the construction works of The Coast with a gross floor area of approximately 165,979.48 sq.m. have been approved.
- Pursuant to a Construction Work Commencement Permit — No. 350005201406250101 dated 2 July 2014 issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fujian Property, the commencement of the construction works of The Coast with a gross floor area of approximately 165,979.48 sq.m. has been permitted.
- Pursuant to 8 Pre-sale Permits, Fujian Property is entitled to sell 11 buildings (Blocks 1 to 3 and Blocks 6 to 13) and various underground car parking spaces of The Coast with a total gross floor area of approximately 130,767.37 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2014) Rong Fang Xu Zi Di No. 0166	18,213.59	30 July 2015
(2)	(2014) Rong Fang Xu Zi Di No. 0167	9,647.81	8 August 2014
(3)	(2014) Rong Fang Xu Zi Di No. 0193	10,423.50	25 September 2014
(4)	(2014) Rong Fang Xu Zi Di No. 0240	19,652.88	2 December 2014
(5)	(2015) Rong Fang Xu Zi Di No. 0294	6,563.02	27 March 2015
(6)	(2015) Rong Fang Xu Zi Di No. 0322	8,375.52	26 May 2015
(7)	(2015) Rong Fang Xu Zi Di No. 0343	8,369.04	30 June 2015
(8)	(2015) Rong Fang Xu Zi Di No. 0376	49,522.01	23 September 2015
Total:		<u>130,767.37</u>	

- As advised by Fujian Property, portion of the property with a total gross floor area of 64,433.48 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,048,430,663. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.

8. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Rong Guo Yong (2014) Di No. 33932900048) and the construction works erected thereon are subject to a mortgage in favour of Agricultural Bank of China Co., Ltd., Fuzhou Hudong Sub-Branch.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,694,000,000.
10. As confirmed by the Company, the Company holds 100% interest in Fujian Property as at the valuation date.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Fujian Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fujian Property is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - b. Fujian Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - c. For portion of the property which is in compliance with the condition of pre-sale, Fujian Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgage as mentioned above, Fujian Property neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagee.
12. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB16,000 to RMB20,000 per sq.m. The prices of commercial premises of ground floor range from RMB20,000 to RMB25,000 per sq.m. In respect of car parking spaces, the prices range from RMB200,000 to RMB250,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed average unit rate of RMB18,000 per sq.m. for the residential portion, RMB14,000 per sq.m. for the commercial portion and RMB250,000 per lot for the car parking spaces portion. As advised by the Group, the buyback price of the talent apartment portion is RMB4,321 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015																
				RMB																
16.	West Coast located at the north-eastern side of West Jiangbin Avenue County New Zone Minhou County Fuzhou City Fujian Province The PRC	The property comprises 4 parcels of land with a total site area of approximately 124,827.28 sq.m. and a residential, office and commercial development (known as West Coast) which was being constructed thereon as at the valuation date. The property is located at the north-eastern side of West Jiangbin Avenue in Minhou County of Fuzhou City. The subject area of the property is served by a few public transportation means with 40 minutes' driving distance to the CBD of Fuzhou City. The locality of the property is a newly-developed residential area with a good natural environment with reasonable proximity to Zhangshan Park, Qingxin Park, Mindu Folk Park as well as Minjiang River. The development of the property is scheduled to be completed in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 433,355.89 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>242,292.42</td></tr><tr><td>Commercial</td><td>33,832.62</td></tr><tr><td>Office</td><td>59,170.04</td></tr><tr><td>Basement</td><td>92,748.33</td></tr><tr><td>(inclusive of 2,568 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>5,312.48</td></tr><tr><td>Total:</td><td>433,355.89</td></tr></table> The total construction cost is estimated to be approximately RMB1,430,000,000, of which approximately RMB814,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 25 March 2083 for residential use, 40 years expiring on 25 March 2053 for commercial use and 50 years expiring on 25 March 2063 for office use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	242,292.42	Commercial	33,832.62	Office	59,170.04	Basement	92,748.33	(inclusive of 2,568 car parking lots)		Ancillary	5,312.48	Total:	433,355.89	The property was under construction as at the valuation date.	2,099,000,000 (50% interest attributable to the Group: RMB1,049,500,000)
Usage	Planned Gross Floor Area (sq.m.)																			
Residential	242,292.42																			
Commercial	33,832.62																			
Office	59,170.04																			
Basement	92,748.33																			
(inclusive of 2,568 car parking lots)																				
Ancillary	5,312.48																			
Total:	433,355.89																			

Notes:

1. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts — Nos. 35012120120907015G and 35012120120907016G both dated 7 September 2012 entered into among the State-owned Land Resources Bureau of Minhou County of Fuzhou City, Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”) and Fuzhou Binjiang Property Development Co., Ltd. (“Binjiang Property”), the land use rights of the property were contracted to be granted to Rongxin Group and Binjiang Property with the particulars as follows:

Site Area	:	124,827.28 sq.m. (40,680.78 sq.m. for land parcel A1, 29,318.65 sq.m. for land parcel A2, 30,573.27 sq.m. for land parcel B1 and 24,254.58 sq.m. for land parcel B2)
Land Use	:	Residential, Commercial and Office for land parcels A1 and A2 Residential and Commercial for land parcels B1 and B2
Land Term	:	70 years for residential use, 40 years for commercial use and 50 years for office use
Plot Ratio	:	≥1.8 and ≤2.1 for land parcel A1 ≥2.0 and ≤3.0 for land parcel A2 ≥2.0 and ≤3.0 for land parcels B1 and B2
Land Premium	:	RMB308,000,000 for land parcels A1 and A2 RMB233,000,000 for land parcels B1 and B2

2. Pursuant to 2 Supplemental Agreements of State-owned Construction Land Use Rights Grant Contracts — Nos. 35012120120907015G-Bu 01 and 35012120120907016G-Bu 01 both dated 23 October 2012, the grantee names of the land use rights of the property mentioned in note 1 have been changed to Fuzhou Liboshuntai Property Development Co., Ltd. (“Liboshuntai Property”, a 50%-50% joint venture of the Company) from Rongxin Group and Binjiang Property.

3. Pursuant to 2 Construction Land Planning Permits, permission towards the planning of the aforesaid land parcels has been granted to Liboshuntai Property. The details are set out as follows:

No.	Permit No.	Site Area (sq.m.)	Issuance date
(1)	Di Zi Di No. 350121201300040	54,827.85	9 April 2013
(2)	Di Zi Di No. 350121201300041	69,999.43	9 April 2013
Total:		<u>124,827.28</u>	

4. Pursuant to 4 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 124,827.28 sq.m. have been granted to Liboshuntai Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Hou Guo Yong (2013) Di No. 230122	40,680.78	25 March 2083 25 March 2053 25 March 2063	Residential Commercial Office
(2)	Hou Guo Yong (2013) Di No. 230123	29,318.65	25 March 2083 25 March 2053 25 March 2063	Residential Commercial Office
(3)	Hou Guo Yong (2013) Di No. 230124	30,573.27	25 March 2083 25 March 2053	Residential Commercial
(4)	Hou Guo Yong (2013) Di No. 230125	24,254.58	25 March 2083 25 March 2053	Residential Commercial
Total:		<u>124,827.28</u>		

5. Pursuant to 4 Construction Work Planning Permits issued by the Housing and Urban and Rural Construction Bureau of Minhou County in favour of Liboshuntai Property, the construction works of West Coast have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350121201300161	113,373.02	8 July 2013
(2)	Jian Zi Di No. 350121201300193	111,903.13	23 August 2013
(3)	Jian Zi Di No. 350121201300082	119,681.81	28 April 2013
(4)	Jian Zi Di No. 350121201300083	88,397.93	28 April 2013
Total:		<u>433,355.89</u>	

6. Pursuant to 4 Construction Work Commencement Permits issued by the Housing and Urban and Rural Construction Bureau of Minhou County in favour of Liboshuntai Property, the commencement of the construction works of West Coast has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Hou Shi Zi (2013) No. 149	85,429.64	12 November 2013
(2)	Hou Shi Zi (2013) No. 141	111,903.10	25 October 2013
(3)	Hou Shi Zi (2013) No. 073	96,104.35	25 June 2013
(4)	Hou Shi Zi (2013) No. 074	70,973.44	25 June 2013
Total:		<u>364,410.53</u>	

7. Pursuant to 16 Pre-sale Permits, Liboshuntai Property is entitled to sell portion of West Coast with a total gross floor area of approximately 385,867 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2013) Hou Fang Xu Zi Di No. 078	35,359	16 August 2013
(2)	(2013) Hou Fang Xu Zi Di No. 104	33,317	18 October 2013
(3)	(2013) Hou Fang Xu Zi Di No. 103	43,666	18 October 2013
(4)	(2013) Hou Fang Xu Zi Di No. 105	11,076	24 October 2013
(5)	(2013) Hou Fang Xu Zi Di No. 149	23,890	26 December 2013
(6)	(2013) Hou Fang Xu Zi Di No. 009	22,494	20 February 2014
(7)	(2013) Hou Fang Xu Zi Di No. 019	23,305	27 March 2014
(8)	(2013) Hou Fang Xu Zi Di No. 018	42,530	1 April 2014
(9)	(2013) Hou Fang Xu Zi Di No. 053	24,725	4 June 2014
(10)	(2013) Hou Fang Xu Zi Di No. 072	11,919	30 September 2014
(11)	(2014) Hou Fang Xu Zi Di No. 082	14,897	22 September 2014
(12)	(2014) Hou Fang Xu Zi Di No. 107	15,484	28 November 2014
(13)	(2014) Hou Fang Xu Zi Di No. 108	13,230	28 November 2014
(14)	(2014) Hou Fang Xu Zi Di No. 119	16,373	25 December 2014
(15)	(2015) Hou Fang Xu Zi Di No. 016	37,474	28 February 2015
(16)	(2015) Hou Fang Xu Zi Di No. 070	16,128	December 2015
Total:		<u>385,867</u>	

8. As advised by Liboshuntai Property, portion of the property with a total gross floor area of 256,990.43 sq.m. has been pre-sold to various purchasers at a total consideration of RMB2,124,185,307. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,211,000,000.
10. Pursuant to a Mortgage Contract, the land use rights of portion of a parcel of land (under the State-owned Land Use Rights Certificate — Hou Guo Yong (2013) Di No. 230123) and portion of the construction works erected thereon are subject to a mortgage in favour of Bank of China Co., Ltd., Minhou Sub-Branch.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Liboshuntai Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Liboshuntai Property is entitled to use the land parcels mentioned in note 4 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 4 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - b. Liboshuntai Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;
 - c. For portion of the property which is in compliance with the condition of pre-sale, Liboshuntai Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Liboshuntai Property neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagee;
 - d. Liboshuntai Property is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Group", a wholly-owned subsidiary of the Company) and Binjiang Property and they have each contributed 50% of the registered capital with a total amount of RMB50,000,000. Rongxin Group and Binjiang Property have made their capital contributions to Liboshuntai Property and shall draw dividends in proportion to their actual capital contribution; and
 - e. Liboshuntai Property has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

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

13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential, commercial and office premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB7,000 to RMB8,500 per sq.m. The prices of commercial premises range from RMB14,500 to RMB30,000 per sq.m. The prices of Soho premises range from RMB8,000 to RMB10,000 per sq.m. In respect of car parking spaces, the prices range from RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB8,000 per sq.m. for the residential portion, RMB15,000 to RMB26,800 per sq.m. for the commercial portion, RMB9,100 per sq.m. for the office portion and RMB100,000 to RMB120,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015															
				RMB															
17.	Show Kingdom under construction located at the northeast junction of Guohuo Road and Jin'an South Road Jin'an District Fuzhou City Fujian Province The PRC	The property comprises portion of 6 parcels of land with a total site area of approximately 66,198.75 sq.m. and a composite development complex including office, commercial and residential components which was being constructed thereon as at the valuation date. The property is located at the northern side of Guohuo Road and, the eastern side of Jin'an South Road in Jin'an District of Fuzhou City. The subject area of the property is well-served by public transportation with about 2.5 km distance to Dong Jie Kou, the most flourishing traditional commerce circle of this City and about 1 km away from the entrance of Fuzhou 2nd Ring Road which can easily access to other district of Fuzhou City. The neighboring area of the subject property is a mature residential community with well-established public and infrastructure facilities. The development of the property is scheduled to be completed in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 476,864.72 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>204,220.82</td></tr><tr><td>Commercial</td><td>16,319.81</td></tr><tr><td>Office</td><td>44,299.15</td></tr><tr><td>Basement</td><td>174,001.84</td></tr><tr><td>(inclusive of 2,802 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>38,023.10</td></tr><tr><td>Total:</td><td>476,864.72</td></tr></table> The total construction cost is estimated to be approximately RMB2,013,000,000, of which approximately RMB1,442,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 29 November 2080 for residential use and 40 years expiring on 29 November 2050 for commercial service use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	204,220.82	Commercial	16,319.81	Office	44,299.15	Basement	174,001.84	(inclusive of 2,802 car parking lots)		Ancillary	38,023.10	Total:	476,864.72	The property was under construction as at the valuation date. 6,643,000,000 (50% interest attributable to the Group: RMB3,321,500,000)
Usage	Planned Gross Floor Area (sq.m.)																		
Residential	204,220.82																		
Commercial	16,319.81																		
Office	44,299.15																		
Basement	174,001.84																		
(inclusive of 2,802 car parking lots)																			
Ancillary	38,023.10																		
Total:	476,864.72																		

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Rong Di He (2010) No. 008 dated 20 February 2010 and 6 Supplemental Agreements, the land use rights of 8 parcels of land (including the land use rights of the property) were contracted to be granted to Fujian Shiou Investment Development Co., Ltd. (“Fujian Shiou Investment”, a wholly-owned subsidiary of Fuzhou Shiou Property Development Co., Ltd. which is a 50%-50% joint venture of the Company) with the particulars as follows:

Site Area	:	250,707 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≤5.0
Land Premium	:	RMB5,965,184,274

- Pursuant to a construction Land Planning Permit — Di Zi Di No. 350101201000844, permission towards the planning of the aforesaid land parcels with a total site area of approximately 254,352.1 sq.m. has been granted to Fujian Shiou Investment.
- Pursuant to 6 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels (including the land use rights of the property) with a total site area of approximately 209,596.50 sq.m. have been granted to Fujian Shiou Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo Yong (2014) Di No. 33234700013	113,271.00	26 August 2080 26 August 2050	Residential Commercial service
(2)	Rong Guo Yong (2013) Di No. 33234505094	24,586.00	29 November 2080 29 November 2050	Residential Commercial service
(3)	Rong Guo Yong (2013) Di No. 33234405095	24,942.00	29 November 2080 29 November 2050	Residential Commercial service
(4)	Rong Guo Yong (2011) Di No. 33134434077	22,983.00	29 November 2080 29 November 2050	Residential Commercial service
(5)	Rong Guo Yong (2012) Di No. 33234700082	830.00	29 November 2080 29 November 2050	Residential Commercial service
(6)	Rong Guo Yong (2012) Di No. 33134400163	22,984.50	29 November 2080 29 November 2050	Residential Commercial service
Total:		<u>209,596.50</u>		

APPENDIX III

PROPERTY VALUATION

4. Pursuant to 10 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fujian Shiou Investment, the construction works of portion of Show Kingdom (including the property) have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	Jian Zi Di No. 350101201110084	236,319.79	28 June 2011
(2)	Jian Zi Di No. 350101201110077	45,111.88	31 May 2011
(3)	Jian Zi Di No. 350101201110071	250,775.30	26 May 2011
(4)	Jian Zi Di No. 350101201010900	190,813.88	30 December 2010
(5)	Jian Zi Di No. 350101201210080	123,624.58	20 July 2012
(6)	Jian Zi Di No. 350101201210079	170,068.57	20 July 2012
(7)	Jian Zi Di No. 350101201110026	3,220.72	28 February 2011
(8)	Jian Zi Di No. 350101201310035	110,106.58	9 April 2013
(9)	Jian Zi Di No. 350101201310038	47,910.27	9 April 2013
(10)	Jian Zi Di No. 350101201310037	123,979.53	9 April 2013
Total:		<u>1,301,931.10</u>	

5. Pursuant to 9 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fujian Shiou Investment, the commencement of the construction works of portion of Show Kingdom (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	Rong Jin Jian (2011) Xu No. 006	236,319.79	26 August 2011
(2)	Rong Jin Jian (2011) Xu No. 004	45,111.88	16 June 2011
(3)	Rong Jin Jian (2011) Xu No. 003	253,975.30	3 June 2011
(4)	Rong Jin Jian (2011) Xu No. 001	190,813.00	20 January 2011
(5)	350005201209190101	123,624.58	6 November 2012
(6)	350005201209210101	170,068.57	8 November 2012
(7)	350005201103240101	3,200.76	3 June 2011
(8)	350005201206190201	142,590.85	17 July 2012
(9)	350005201206270101	166,037.27	12 July 2012
Total:		<u>1,331,742.00</u>	

6. Pursuant to 21 Pre-sale Permits, Fujian Shiou Investment is entitled to sell the portion of Show Kingdom (including portion of the property) with a total gross floor area of approximately 320,540.01 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2014) Rong Fang Xu Zi Di No. 0103	31,562.06	2 April 2014
(2)	(2014) Rong Fang Xu Zi Di No. 0097	31,428.40	20 March 2014
(3)	(2013) Rong Fang Xu Zi Di No. 0048	31,564.26	13 December 2013
(4)	(2013) Rong Fang Xu Zi Di No. 0032	31,540.82	29 October 2013
(5)	(2013) Rong Fang Xu Zi Di No. 3665	29,006.00	4 March 2013
(6)	(2013) Rong Fang Xu Zi Di No. 3711	27,739.00	28 April 2013
(7)	(2013) Rong Fang Xu Zi Di No. 3740	26,767.00	10 July 2013
(8)	(2013) Rong Fang Xu Zi Di No. 0049	2,613.53	13 December 2013
(9)	(2013) Rong Fang Xu Zi Di No. 0001	45,166.25	10 June 2014
(10)	(2014) Rong Fang Xu Zi Di No. 0120	24,549.38	6 May 2014
(11)	(2014) Rong Fang Xu Zi Di No. 0142	4,257.41	26 June 2014
(12)	(2014) Rong Fang Xu Zi Di No. 3779	1,997.00	9 June 2014
(13)	(2014) Rong Fang Xu Zi Di No. 0143	13,628.46	26 June 2014
(14)	(2014) Rong Fang Xu Zi Di No. 3781	1,564.00	26 June 2014
(15)	(2014) Rong Fang Xu Zi Di No. 3782	2,993.00	1 July 2014
(16)	(2014) Rong Fang Xu Zi Di No. 3769	1,932.00	19 February 2014
(17)	(2014) Rong Fang Xu Zi Di No. 0085	4,606.26	12 February 2014
(18)	(2014) Rong Fang Xu Zi Di No. 0084	2,088.30	21 February 2014
(19)	(2014) Rong Fang Xu Zi Di No. 0083	3,842.61	21 February 2014
(20)	(2013) Rong Fang Xu Zi Di No. 3719	334.00	17 May 2013
(21)	(2015) Rong Fang Xu Zi Di No. 0362	1,360.27	20 August 2015
Total:		<u>320,540.01</u>	

7. As advised by Fujian Shiou Investment, portion of the property with a total gross floor area of 226,154.43 sq.m. has been pre-sold to various purchasers at a total consideration of RMB4,547,452,804. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB7,577,000,000.
9. Pursuant to a series of mortgage contracts and relevant agreements, the land use rights of large portion of land and portion of the construction works of the property are subject to mortgages in favour of various third parties.

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

- a. Fujian Shiou Investment is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fujian Shiou Investment is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgages;
- b. Fujian Shiou Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;
- c. For portion of the property which is in compliance with the condition of pre-sale, Fujian Shiou Investment has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Fujian Shiou Investment neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagees;
- d. Fujian Shiou Investment is a wholly-owned subsidiary of Fuzhou Shiou Property Development Co., Ltd. ("Shiou Property") which is a 50%-50% joint venture between Rongxin (Fujian) Investment Group Co., Ltd. (a wholly-owned subsidiary of the Company) and Zhenro Group; and
- e. Fujian Shiou Investment has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

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

13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential, retail and office premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB18,000 to RMB23,000 per sq.m. The prices of office premises range from RMB16,000 to RMB25,000 per sq.m. The prices of commercial premises range from RMB50,000 to RMB130,000 per sq.m. In respect of car parking spaces, the prices range from RMB250,000 to RMB380,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, have adopted the assumed unit rate of RMB21,000 per sq.m. for the residential portion, RMB80,000 per sq.m. for the commercial portion, RMB22,000 per sq.m. for the office portion, and RMB300,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015															
				RMB															
18.	The Twin Harbor City under construction located at the southern side of Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road Taijiang District Fuzhou City Fujian Province The PRC	The property comprises a parcel of land and portion of another parcel of land with a total site area of 35,239 sq.m. and a residential, office and commercial development which was being constructed thereon as at the valuation date. The property is located at the southern side of Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road in Taijiang district of Fuzhou city. The subject area of the property is close to the city centre with adequate commercial facilities around and a good natural environment with sea view as well as developed education facilities. The development of the property is scheduled to be completed in October 2017. Upon completion, the development will have a total planned gross floor area of approximately 233,844.45 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>102,763.10</td></tr><tr><td>Commercial</td><td>12,430.00</td></tr><tr><td>Residential</td><td>65,444.91</td></tr><tr><td>Basement</td><td>43,964.34</td></tr><tr><td>(inclusive of 1,122 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>9,242.10</td></tr><tr><td>Total:</td><td><u>233,844.45</u></td></tr></table> The total construction cost is estimated to be approximately RMB1,520,000,000 of which approximately RMB393,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years for residential use and 40 years for commercial service and commercial uses.	Usage	Planned Gross Floor Area (sq.m.)	Office	102,763.10	Commercial	12,430.00	Residential	65,444.91	Basement	43,964.34	(inclusive of 1,122 car parking lots)		Ancillary	9,242.10	Total:	<u>233,844.45</u>	The property was under construction as at the valuation date. 1,628,000,000 (100% interest attributable to the Group: RMB1,628,000,000)
Usage	Planned Gross Floor Area (sq.m.)																		
Office	102,763.10																		
Commercial	12,430.00																		
Residential	65,444.91																		
Basement	43,964.34																		
(inclusive of 1,122 car parking lots)																			
Ancillary	9,242.10																		
Total:	<u>233,844.45</u>																		

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 350100-2014-0110P004 dated 28 February 2014 entered into between the State-owned Land Resources Bureau of Fuzhou City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 17 April 2014 entered into among the State-owned Land Resources Bureau of Fuzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Fuzhou Rongxin Shuanghang Investment Development Co., Ltd. (“Fuzhou Shuanghang Investment”, a 30%-owned subsidiary of the Company), the land use rights of 16 parcels of land (including the land use rights of the property) were contracted to be granted to Fuzhou Rongxin Shuanghang Investment at a total land premium of RMB5,620,000,000 with the particulars as follows:

Land parcel of Taiping Tingzhou (including land parcel Nos. 1 to 5, 9, 11, 12 and 15)

Site Area	:	154,515 sq.m.
Land Use	:	Residential, Parkland and Commercial service
		70 years for residential use, 50 years for parkland use and 40 years for
Land Term	:	commercial service use
Plot Ratio	:	≤5.0

Land parcel of Cangxia (including land parcel Nos. 1 to 7)

Site Area	:	105,004 sq.m.
		Residential, Parkland, Religious Sites, Heritage Sites, Parking Space and
Land Use	:	Commercial Service
		70 years for residential use; 50 years for parkland, religious sites, heritage sites
Land Term	:	and car parking spaces uses; 40 years for commercial use
Plot Ratio	:	≥1.0 and ≤1.46

2. Pursuant to a Construction Land Planning Permit — Di Zi Di 350101201400100, permission towards the planning of the aforesaid land parcels with a site area of approximately 259,518 sq.m. has been granted to Fuzhou Shuanghang Investment.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 48,547 sq.m. have been granted to Fuzhou Shuanghang Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo (2014) Di No. 32335201230	18,587	12 December 2084 12 December 2054	Residential Commercial Service
(2)	Rong Guo (2014) Di No. 32335301232	29,960	12 December 2084 12 December 2054	Residential Commercial
Total:		<u>48,547</u>		

4. Pursuant to 2 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fuzhou Shuanghang Investment, the construction works of portion of The Twin Harbor City (including the property) have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350101201510008	129,660.19	15 January 2015
(2)	Jian Zi Di No. 350101201510094	158,407.74	6 September 2015
Total:		<u>288,067.93</u>	

5. Pursuant to 3 Construction Work Commencement Permits issued by the Urban and Rural Construction Committee of Fuzhou City in favour of Fuzhou Shuanghang Investment, the commencement of the construction works of portion of The Twin Harbor City (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350005201501230101	129,660.19	2 February 2015
(2)	350100201509210101	101,591.23	21 September 2015
Total:		<u>231,251.42</u>	

6. Pursuant to 3 Pre-sale Permits, Fuzhou Shuanghang Investment is entitled to sell portion of the property with a total gross floor area of approximately 84,015.21 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2015) Rong Fang Xu Zi Di No.0278	28,385.76	6 February 2015
(2)	(2015) Rong Fang Xu Zi Di No.0357	38,597.21	4 August 2015
(3)	(2015) Rong Fang Xu Zi Di No.0381	17,032.24	25 September 2015
Total:		<u>84,015.21</u>	

7. As advised by Fuzhou Shuanghang Investment, portion of the property with a total gross floor area of 27,549.55 sq.m. has been presold to various purchasers at a total consideration of RMB537,876,867. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.

8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB5,777,000,000.
9. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of 4 parcels of land (under the State-owned Land Use Rights Certificates — Rong Guo (2014) Di Nos. 32335201230, 32335301232, 32635701234 and 32635601235) are subject to a mortgage in favour of Ping An Bank Co., Ltd., Fuzhou Branch.
10. As confirmed by the Company, the Company holds 100% interest in Fuzhou Shuanghang Investment as at the valuation date.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Fuzhou Shuanghang Investment is legally and validly in possession of the land use rights of the land parcels mentioned in note 3 by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fuzhou Shuanghang Investment is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - Fuzhou Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - For portion of the property which is in compliance with the condition of pre-sale, Fuzhou Investment has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of office and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of office premises range from RMB17,000 to RMB23,000 per sq.m. The prices of residential premises range from RMB20,000 to RMB24,000. The prices of commercial premises range from RMB40,000 to RMB100,000 per sq.m. In respect of car parking spaces, the prices range from RMB210,000 to RMB270,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB22,000 per sq.m. for the office portion, RMB23,000 per sq.m. for the residential portion, RMB50,000 to RMB93,000 per sq.m. for the commercial portion and RMB230,000 to RMB260,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015												
				RMB												
19.	The Long Island under construction located at the southern side of Binjiang Road Changle County Fuzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 41,257 sq.m. and portion of a residential and commercial and office development (known as The Long Island) which was being constructed thereon as at the valuation date. The property is located at the southern side of Binjiang Road in Changle County of Fuzhou City. The subject area of the property is in a developing district with a good natural environment as well as developing education facilities. The development of the property is scheduled to be completed in November 2017. Upon completion, the development will have a total planned gross floor area of approximately 207,740.29 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>139,298.89</td></tr><tr><td>Commercial</td><td>2,877.84</td></tr><tr><td>Basement (inclusive of 1,729 car parking spaces)</td><td>56,378.24</td></tr><tr><td>Ancillary</td><td>9,185.32</td></tr><tr><td>Total:</td><td>207,740.29</td></tr></table> The total construction cost is estimated to be approximately RMB899,000,000, of which approximately RMB65,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 9 June 2085 for residential use and 40 years expiring on 9 June 2055 for commercial use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	139,298.89	Commercial	2,877.84	Basement (inclusive of 1,729 car parking spaces)	56,378.24	Ancillary	9,185.32	Total:	207,740.29	The property was under construction as at the valuation date.	460,000,000 (100% interest attributable to the Group: RMB460,000,000)
Usage	Planned Gross Floor Area (sq.m.)															
Residential	139,298.89															
Commercial	2,877.84															
Basement (inclusive of 1,729 car parking spaces)	56,378.24															
Ancillary	9,185.32															
Total:	207,740.29															

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 35018220140516G011 dated 26 May 2014 entered into between the State-owned Land Resources Bureau of Changle City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 23 July 2014 entered into among the State-owned Land Resources Bureau of Changle City, Rongxin (Fujian) Investment Group Co., Ltd. and Changle Rongxin Investment Co., Ltd. (“Changle Investment”, a 30%-owned subsidiary of the Company), the land use rights of 5 parcels of land (including the land use rights of the property) were contracted to be granted to Changle Investment with the particulars as follows:

Site Area	:	185,196 sq.m.
Land Use	:	Residential, Commercial and Office
Land Term	:	70 years for residential use, 40 years for commercial use and 50 years for office use
Plot Ratio	:	≥1.1 and ≤3.5
Land Premium	:	RMB1,300,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350182201400079, permission towards the planning of the aforesaid land parcel with a site area of approximately 185,196 sq.m. has been granted to Changle Investment.
3. Pursuant to a State-owned Land Use Rights Certificate — Min Hang Guo Yong (2015) Di No. 00282, the land use rights of the property with a site area of approximately 41,257 sq.m. have been granted to Changle Investment for terms of 70 years expiring on 9 June 2085 for residential use and 40 years expiring on 9 June 2055 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350182201500052 issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fuzhou Shuanghang Investment, the construction works of portion of The Long Island (including the property) have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 350126201507310102 issued by the Urban and Rural Construction Committee of Changle County in favour of Changle Investment, the commencement of the construction works of the property with a gross floor area of approximately 208,310 sq.m. has been permitted.
6. Pursuant to 2 Pre-sale Permits, Changle Investment is entitled to sell portion of The long island with a total gross floor area of approximately 19,393.81 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2015) Chong Jian Fang Xu Zi Di No. 30	2,806.53	16 December 2015
(2)	(2015) Chong Jian Fang Xu Zi Di No. 25	16,587.28	16 November 2015
Total:		<u>19,393.81</u>	

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,811,000,000.
8. As confirmed by the Company, the Company holds 100% interest in Changle Investment as of the valuation date.

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

- a. Changle Investment is legally and validly in possession of the land use rights of the land parcels mentioned in note 3 by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Changle Investment is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights; and
- b. Changle Investment has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed.
- c. For portion of the property which is in compliance with the condition of pre-sale, Changle Investment has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.

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

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

11. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB8,000 to RMB12,000 per sq.m. The prices of commercial premises range from RMB20,000 to RMB30,000 per sq.m. In respect of car parking spaces, the prices range from RMB150,000 to RMB200,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB10,400 per sq.m. for the residential portion, RMB23,000 per sq.m. for the commercial portion and RMB175,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015											
				RMB											
20.	Ocean City under construction located at the western side of Haicang Avenue Haicang District Xiamen City Fujian Province The PRC	The property comprises a parcel of land and portion of another parcel of land with a total site area of approximately 106,655.60 sq.m. and a composite development complex including office, commercial and hotel components which was being constructed thereon as at the valuation date. The property is located at the western side of Haicang Avenue in Haicang District of Xiamen City. It is close to Haicang Bridge which connects Haicang District and Xiamen Island, providing a convenience access to the city centre. The surrounding environment of the property is a newly-developed residential area with several residential developments such as Haisheng Victoria, Zhongjun Lanwan Peninsula and Lvyuan New Town. The project also has a reasonable proximity to Xianyue Mountain, Xiamen Haicang Wild Animal Park and Gulang Islet. The development of the property is scheduled to be completed in October 2016. Upon completion, the development will have a total planned gross floor area of approximately 298,944.22 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>126,729.41</td></tr><tr><td>Hotel</td><td>61,611.90</td></tr><tr><td>Basement</td><td>110,602.48</td></tr><tr><td>(inclusive of 2,695 car parking spaces)</td><td></td></tr><tr><td>Total:</td><td>298,944.22</td></tr></table> The total construction cost is estimated to be approximately RMB2,348,000,000, of which approximately RMB1,133,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 40 years expiring on 16 October 2052 for hotel and commercial service uses and 50 years expiring on 16 October 2062 for office use.	Usage	Planned Gross Floor Area (sq.m.)	Office	126,729.41	Hotel	61,611.90	Basement	110,602.48	(inclusive of 2,695 car parking spaces)		Total:	298,944.22	The property was under construction as at the valuation date. 1,993,000,000 (100% interest attributable to the Group: RMB1,993,000,000)
Usage	Planned Gross Floor Area (sq.m.)														
Office	126,729.41														
Hotel	61,611.90														
Basement	110,602.48														
(inclusive of 2,695 car parking spaces)															
Total:	298,944.22														

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 35020520121017CG077 dated 17 October 2012 entered into between the State-owned Land Resources and Building Administration Bureau of Xiamen City, Haicang Sub-branch and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 9 November 2012 entered into among the State-owned Land Resources and Building Administration Bureau of Xiamen City, Haicang Branch, Rongxin (Fujian) Investment Group Co., Ltd. and Rongxin (Xiamen) Property Development Co., Ltd. (“Xiamen Property”, a 51%-owned subsidiary of the Company), the land use rights of 3 parcels of land (including the land use rights of the property) were contracted to be granted to Xiamen Property with the particulars as follows:

Site Area	:	151,344.199 sq.m.
Land Use	:	Office, Hotel and Commercial service
Land Term	:	50 years for office use and 40 years for hotel and commercial service uses
Plot Ratio	:	N/A
Land Premium	:	RMB871,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350205201210060, permission towards the planning of the aforesaid land parcels with a total site area of approximately 151,344.198 sq.m. (including the property) has been granted to Xiamen Property.
- Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 146,855.99 sq.m. have been granted to Xiamen Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Xia Guo Tu Fang Zheng Di No. Di 00020210	68,655.60	16 October 2052 16 October 2062	Commercial Service Office
(2)	Xia Guo Tu Fang Zheng Di No. Di 00020209	78,200.39	16 October 2052 16 October 2062	Hotel Office
Total:		<u>146,855.99</u>		

- Pursuant to 2 Construction Work Planning Permits issued by the Planning Bureau of Xiamen City in favour of Xiamen Property, the construction works of Ocean City have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350205201310022	300,746.50	28 April 2013
(2)	Jian Zi Di No. 350205201310056	122,135.67	11 September 2013
Total:		<u>422,882.17</u>	

- Pursuant to 3 Construction Work Commencement Permits issued by the Construction Bureau of Haicang Taiwanese Investment District of Xiamen City in favour of Xiamen Property, the commencement of the construction works of Ocean City has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350211201305150101	157,950.09	15 May 2013
(2)	350211201305150201	142,796.41	15 May 2013
(3)	350211201309290101	122,135.67	29 September 2013
Total:		<u>422,882.17</u>	

6. Pursuant to 2 Pre-sale Permits, Xiamen Property is entitled to sell portion of Ocean City with a total gross floor area of approximately 338,461.72 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Yu Shou Xu Ke Zheng Di No. 20130072	295,288.55	2 September 2014
(2)	Yu Shou Xu Ke Zheng Di No. 20140075	43,173.17	5 December 2014
Total:		<u>338,461.72</u>	

7. As advised by Xiamen Property, portion of the property with a total gross floor area of 80,997.78 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,213,022,513. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,762,000,000.
9. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of Industrial Bank Co., Ltd., Xiamen Sub-Branch.
10. As confirmed by the Company, the Company holds 100% interest in Xiamen Property as at the valuation date.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Xiamen Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Xiamen Property is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - Xiamen Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - For portion of the property which is in compliance with the condition of pre-sale, Xiamen Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.
12. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |

13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of office premises and car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of office premises range from RMB17,000 to RMB23,000 per sq.m. In respect of car parking spaces, the prices range from RMB180,000 to RMB220,000 per lot. In respect of hotel portion, the average daily room rates of five star hotel range from RMB750 to RMB1,000 per room. The daily room rates as well as the unit rates of sales prices assumed by us are consistent with that of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices and daily room rates have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB19,000 to RMB20,000 per sq.m. for the office portion and RMB130,000 to 210,000 per lot for the car parking spaces portion.

In valuing the hotel portion of the property as if completed, our adopted key assumptions are summarize as follows:

a.	Average daily room rate (“ADR”)	RMB850 for year 1
b.	Annual growth in ADR	Stabilized at 4.0%
c.	Occupancy rate on available room basis	Stabilized at 75.0%
d.	Discount rate	8.5%
e.	Capitalization rate	5%

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015												
				RMB												
21.	Lan Garden under construction located at the eastern side of Putou Harbor, the southern side of Shuixian Street and the northern side of Jianyuan Road Longwen District Zhangzhou City Fujian Province The PRC	The property comprises portion of a parcel of land with a site area of approximately 24,229.72 sq.m. and portion of a residential development (known as Lan Garden) which was being constructed thereon as at the valuation date. The property is located at the eastern side of Putou Harbor, the southern side of Shuixian Street and the northern side of Jianyuan Road in Longwen District of Zhangzhou City. The subject area of the property is well-served by public transportation with 5 minutes' driving distance to the city centre. The locality of the property is a mature residential area with a good natural environment and commercial facilities with reasonable proximity to Lake Ecological Park, Wanda Plaza as well as Zhangzhou Municipal Government. The development of the property is scheduled to be completed in December 2015. Upon completion, the development will have a total planned gross floor area of approximately 141,349.84 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>107,505.54</td></tr><tr><td>Basement</td><td>24,359.20</td></tr><tr><td>(inclusive of 549 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>9,485.10</td></tr><tr><td>Total:</td><td>141,349.84</td></tr></table> The total construction cost is estimated to be approximately RMB545,000,000, of which approximately RMB303,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 40 years expiring on 27 December 2050 for commercial service use, 70 years expiring on 27 December 2080 for residential use and 50 years expiring on 27 December 2060 for composite use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	107,505.54	Basement	24,359.20	(inclusive of 549 car parking spaces)		Ancillary	9,485.10	Total:	141,349.84	The property was under construction as at the valuation date.	1,031,000,000 (100% interest attributable to the Group: RMB1,031,000,000)
Usage	Planned Gross Floor Area (sq.m.)															
Residential	107,505.54															
Basement	24,359.20															
(inclusive of 549 car parking spaces)																
Ancillary	9,485.10															
Total:	141,349.84															

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract dated 5 March 2007 entered into between the State-owned Land and Resources Bureau of Zhangzhou City and Sun Shaofeng, the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Sun Shaofeng with the particulars as follows:

Site Area	:	111,144 sq.m. (56,765.69 sq.m. for Lot 1 and 54,378.31 sq.m. for Lot 2)
		Lot 1: Residential and Commercial
Land Use	:	Lot 2: Hotel
		70 years for residential use, 40 years for commercial service use and 50 years
Land Term	:	for composite use
		≤4.5 (Lot 1)
Plot Ratio	:	≤2.5 (Lot 2)
Land Premium	:	RMB262,530,000
- Pursuant to a Contract and an Agreement both dated 23 December 2009 entered into between Sun Shaofeng and Rongxin (Fujian) Investment Co., Ltd., 2 parcels of land (including the land use rights of the property) were contracted to be transferred to Rongxin Group.
- Pursuant to a Supplemental Agreement of State-owned Land Use Rights Grant Contract mentioned in note 1 dated 5 March 2007, Rongxin (Zhangzhou) Property Co., Ltd. ("Rongxin Zhangzhou Property", a wholly-owned subsidiary of the Company), was authorized to develop the aforesaid land parcels.
- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350600201000050, permission towards the planning of a parcel of land (including the property) with a site area of approximately 62,260.55 sq.m. (including levied green space of 5,494.86 sq.m.) has been granted to Rongxin Zhangzhou Property.
- Pursuant to a State-owned Land Use Rights Certificate — Zhang Guo Yong (2011) Di No.111392, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 56,765.69 sq.m. have been granted to Rongxin Zhangzhou Property for terms of 40 years expiring on 27 December 2050 for commercial service use, 70 years expiring on 27 December 2080 for residential use and 50 years expiring on 27 December 2060 for composite use.
- Pursuant to 3 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Zhangzhou City in favour of Rongxin Zhangzhou Property, the construction works of Lan Garden (including the property) have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350600201100006	158,405	14 March 2011
(2)	Jian Zi Di No. 350600201100007	137,956	14 March 2011
(3)	Jian Zi Di No. 350600201100008	25,930	14 March 2011
Total:		<u>322,291</u>	

7. Pursuant to 2 Construction Work Commencement Permits issued by the Housing and Urban and Rural Construction Bureau of Zhangzhou City in favour of Rongxin Zhangzhou Property, the commencement of the construction works of Lan Garden (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	No. 350600201109130101	184,335	13 September 2011
(2)	No. 350600201204190201	137,956	19 April 2012
Total:		<u>322,291</u>	

8. Pursuant to 6 Pre-sale Permits, Rongxin Zhangzhou Property is entitled to sell portion of Lan Garden (including the property) with a total gross floor area of approximately 121,925.95 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	2013 (Zhang) Fang Yu Shou Zheng Di No. 026	20,940.20	20 March 2013
(2)	2013 (Zhang) Fang Yu Shou Zheng Di No. 060	20,940.20	21 May 2013
(3)	2013 (Zhang) Fang Yu Shou Zheng Di No. 095	21,463.55	11 September 2013
(4)	2013 (Zhang) Fang Yu Shou Zheng Di No. 116	16,858.36	25 October 2013
(5)	2013 (Zhang) Fang Yu Shou Zheng Di No. 118	21,481.18	31 October 2013
(6)	2013 (Zhang) Fang Yu Shou Zheng Di No. 122	20,242.46	26 November 2013
Total:		<u>121,925.95</u>	

9. As advised by Rongxin Zhangzhou Property, portion of the property with a total gross floor area of 120,525.54 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,118,317,840. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
10. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,131,000,000.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Rongxin Zhangzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Rongxin Zhangzhou Property is entitled to use the land parcel mentioned in note 5 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 5 is free from any restrictions arising from any sequestration, mortgages or other third party's rights;
 - Rongxin Zhangzhou Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - For portion of the property which is in compliance with the condition of pre-sale, Rongxin Zhangzhou Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.

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

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

13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB8,500 to RMB9,600 per sq.m. In respect of car parking spaces, the prices range from RMB190,000 to RMB270,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB8,500 to RMB9,500 per sq.m. for the residential portion and RMB268,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB																
22.	Future City located at the southern side of Ring North Road, the northern side of Wuqiao North Road and the western side of Lanjing Road Longwen District Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 41,644.64 sq.m. and a residential and commercial development (known as Future City) which was being constructed thereon as at the valuation date. The property is located at the southern side of North Ring Road, the northern side of North Wuqiao Road and the western side of Lanjing Road in Longwen District of Zhangzhou City. The subject area of the property is located in Lantian Eco-zone with 15 minutes' driving distance to the city centre and close to the planned Light Rail Station. The locality of the property is a newly-developed residential area in lack of convenient living facilities such as shopping mall and hospital. According to the local planning, the subject area will be served with good natural environment and public facilities with reasonable proximity to the planned Jingshan Park, Jima Market, Renhe Hospital as well as several schools. The development of the property is scheduled to be completed in August 2016. Upon completion, the development will have a total planned gross floor area of approximately 155,424 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>104,810</td></tr><tr><td>Public rental housing</td><td>5,014</td></tr><tr><td>Commercial</td><td>4,957</td></tr><tr><td>Basement</td><td>36,866</td></tr><tr><td>(inclusive of 1,082 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>3,777</td></tr><tr><td>Total:</td><td>155,424</td></tr></table> The total construction cost is estimated to be approximately RMB559,000,000, of which approximately RMB182,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 40 years expiring on 16 December 2053 for commercial service use and 70 years expiring on 16 December 2083 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	104,810	Public rental housing	5,014	Commercial	4,957	Basement	36,866	(inclusive of 1,082 car parking spaces)		Ancillary	3,777	Total:	155,424	The property was under construction as at the valuation date.	592,000,000 (100% interest attributable to the Group: RMB592,000,000)
Usage	Planned Gross Floor Area (sq.m.)																			
Residential	104,810																			
Public rental housing	5,014																			
Commercial	4,957																			
Basement	36,866																			
(inclusive of 1,082 car parking spaces)																				
Ancillary	3,777																			
Total:	155,424																			

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — 35060020130916G010 dated 11 October 2013 entered into between the State-owned Land and Resources Bureau of Zhangzhou City and Rongxin (Zhangzhou) Property Co., Ltd. (“Rongxin Zhangzhou Property”, a wholly-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Rongxin Zhangzhou Property with the particulars as follows:

Site Area	:	41,644.64 sq.m.
Land Use	:	Commercial service and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≤2.8
Land Premium	:	RMB300,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di No. 3506002013R2003, permission towards the planning of the aforesaid land parcel with a site area of approximately 41,644.64 sq.m. has been granted to Rongxin Zhangzhou Property.
- Pursuant to a State-owned Land Use Rights Certificate — Zhang Long Guo Yong (2014) Di No. 0076, the land use rights of the property with a site area of approximately 41,644.64 sq.m. have been granted to Rongxin Zhangzhou Property for terms of 40 years expiring on 16 December 2053 for commercial service use and 70 years expiring on 16 December 2083 for residential use.
- Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 3506002014G2008 issued by the Urban and Rural Planning Bureau of Longwen District of Zhangzhou City in favour of Rongxin Zhangzhou Property, the construction works of Future City with a gross floor area of approximately 155,424 sq.m. have been approved.
- Pursuant to a Construction Work Commencement Permit — No. 350600201405210101 issued by the Management Committee of Lantian Economic Development Zone of Zhangzhou City in favour of Rongxin Zhangzhou Property, the commencement of the construction works of Future City with a gross floor area of approximately 155,424 sq.m. has been permitted.
- Pursuant to 7 Pre-sale Permits, Rongxin Zhangzhou Property is entitled to sell Future City with a total gross floor area of approximately 143,552.06 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	2014 (Zhang) Fang Yu Shou Zheng Di No. 089	12,674.54	30 September 2014
(2)	2014 (Zhang) Fang Yu Shou Zheng Di No. 091	8,590.56	9 October 2014
(3)	2015 (Zhang) Fang Yu Shou Zheng Di No. 007	14,284.05	27 January 2015
(4)	2015 (Zhang) Fang Yu Shou Zheng Di No. 015	35,871.51	4 March 2015
(5)	2015 (Zhang) Fang Yu Shou Zheng Di No. 017	25,302.38	13 March 2015
(6)	2015 (Zhang) Fang Yu Shou Zheng Di No. 023	24,173.24	1 April 2015
(7)	2015 (Zhang) Fang Yu Shou Zheng Di No. 024	22,655.78	7 April 2015
Total:		<u>143,552.06</u>	

- As advised by Rongxin Zhangzhou Property, portion of the property with a total gross floor area of 37,420.66 sq.m. has been pre-sold to various purchasers at a total consideration of RMB191,101,699. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.

8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB941,000,000.
9. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Zhang Long Guo Yong (2014) Di No. 0076) and portion of the construction works erected thereon are subject to a mortgage in favour of Industrial and Commercial Bank of China Limited, Zhangzhou Branch.
10. Pursuant to a Mortgage Contract of Maximum Amount, portion of the construction works of the property is subject to a mortgage in favour of Industrial and Commercial Bank of China Limited, Zhangzhou Branch.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Rongxin Zhangzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Rongxin Zhangzhou Property is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgages;
 - b. Rongxin Zhangzhou Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - c. For portion of the property which is in compliance with the condition of pre-sale, Rongxin Zhangzhou Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Fuzhou Property neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagees.
12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Portion
f.	Construction Work Completion and Inspection Certificate/Table	N/A
13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB5,000 to RMB6,500 per sq.m. The prices of commercial premises range from RMB14,000 to RMB22,000 per sq.m. In respect of car parking spaces, the prices range from RMB130,000 to RMB160,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB5,000 to RMB5,800 per sq.m. for the residential portion, RMB15,000 to RMB20,000 per sq.m. for the commercial portion and RMB140,000 per lot for the car parking spaces portion. As advised by the Group, the public rental housing portion should be delivered to the relevant local governmental authority without compensation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015														
				RMB														
23.	Festival City located at the southern side of Nanbin Avenue and the western side of the 4th Zhaixi Road No.2 Development Zone Zhangzhou City Fujian Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 94,190 sq.m. and a residential and commercial development (known as Festival City) which was being constructed thereon as at the valuation date. The property is located at the southern side of Nanbin Avenue and the western side of the 4th Zhaixi Road in No.2 Development Zone of Zhangzhou City. The subject area of the property is served by a few public transportation means with 15 minutes' driving distance to the dock of Zhangzhou Port. The locality of the property is a newly-developed residential area with a good natural environment and education facilities with reasonable proximity to a golf club and Daping Mountain. The development of the property is scheduled to be completed in November 2016. Upon completion, the development will have a total planned gross floor area of approximately 272,969.09 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>202,592.43</td></tr><tr><td>Commercial</td><td>6,897.4</td></tr><tr><td>Basement</td><td>62,086.54</td></tr><tr><td>(inclusive of 1,243 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>1,392.72</td></tr><tr><td>Total:</td><td><u>272,969.09</u></td></tr></table> The total construction cost is estimated to be approximately RMB1,055,000,000, of which approximately RMB481,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 25 December 2082 for residential use and 40 years expiring on 25 December 2052 for commercial use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	202,592.43	Commercial	6,897.4	Basement	62,086.54	(inclusive of 1,243 car parking spaces)		Ancillary	1,392.72	Total:	<u>272,969.09</u>	The property was under construction as at the valuation date.	1,143,000,000 (100% interest attributable to the Group: RMB1,143,000,000)
Usage	Planned Gross Floor Area (sq.m.)																	
Residential	202,592.43																	
Commercial	6,897.4																	
Basement	62,086.54																	
(inclusive of 1,243 car parking spaces)																		
Ancillary	1,392.72																	
Total:	<u>272,969.09</u>																	

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts — Nos. 35068120101201G809 and 35068120101201G810 both dated 7 December 2010 entered into between the State-owned Land Resources Bureau of Zhangzhou City, Development Zone Sub-branch and Yang Yiqian, Lin Huinan and Tan Binghui, the land use rights of the property were contracted to be granted to Yang Yiqian, Lin Huinan and Tan Binhui with the particulars as follows:

Site Area	:	94,190 sq.m. (54,452 sq.m. for land parcel No. 2010-B5 and 39,738 sq.m. for land parcel No. 2010-B6)
Land Use	:	Residential and Commercial
Land Term	:	70 years for residential use and 40 years for commercial use
Plot Ratio	:	land parcel No. 2010-B5: ≥ 1.1 , ≤ 2.7 land parcel No. 2010-B6: ≥ 1.1 , ≤ 1.5
Land Premium	:	RMB187,219,000 for land parcel No. 2010-B5 RMB132,293,000 for land parcel No. 2010-B6

2. Pursuant to a Supplemental Agreement of State-owned Land Use Rights Grant Contracts dated 2011 entered into between the State-owned Land Resources Bureau of Zhangzhou City, Zhangzhou Development District Sub-branch and Yang Yiqian, Lin Huinan and Tan Binghui, the time of handing over of the aforesaid land parcels would be altered to 14 June 2011 from 14 December 2010.
3. Pursuant to an Alteration Agreement of State-owned Land Use Rights Grant Contracts dated 30 April 2013, the grantee names of the land use rights of the property mentioned in note 1 have been changed to Fujian Lanhu Property Development Co., Ltd. ("Lanhu Property", a 51%-owned subsidiary of the Company) from Yang Yiqian, Lin Huinan and Tan Binhui.
4. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350600201300021, permission towards the planning of the aforesaid land parcels with a total site area of approximately 94,189.897 sq.m. has been granted to Lanhu Property.
5. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the property with a total site area of approximately 94,190 sq.m. have been granted to Lanhu Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Zhang Fa Guo Yong (2013) Di No. 0948	54,452	25 December 2082 25 December 2052	Residential Commercial
(2)	Zhang Fa Guo Yong (2013) Di No. 0949	39,738	25 December 2082 25 December 2052	Residential Commercial
Total:		<u>94,190</u>		

6. Pursuant to 2 Construction Work Planning Permits issued by the Planning Construction Bureau of Zhangzhou China Merchants Economic and Technological Development Zone in favour of Lanhu Property, the construction works of the property have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 350600201400002	117,620.07	3 January 2014
(2)	Jian Zi Di No. 350600201400001	155,349.02	3 January 2014
Total:		<u>272,969.09</u>	

7. Pursuant to 2 Construction Work Commencement Permits issued by the Planning Construction Bureau of Zhangzhou China Merchants Economic and Technological Development Zone in favour of Lanhu Property, the commencement of the construction works of the property has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	36310520140110003	117,620.07	10 January 2014
(2)	36310520140110002	155,349.02	10 January 2014
Total:		<u>272,969.09</u>	

8. Pursuant to 7 Pre-sale Permits, Lanhu Property is entitled to sell portion of Festival City with a total gross floor area of approximately 245,739.42 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	(2014 Zhao) Fang Yu Shou Zheng Di No. 032	59,238.00	26 September 2014
(2)	(2014 Zhao) Fang Yu Shou Zheng Di No. 033	7,270.78	26 September 2014
(3)	(2014 Zhao) Fang Yu Shou Zheng Di No. 039	6,636.52	31 October 2014
(4)	(2014 Zhao) Fang Yu Shou Zheng Di No. 040	9,838.22	31 October 2014
(5)	(2014 Zhao) Fang Yu Shou Zheng Di No. 046	42,345.87	12 December 2014
(6)	(2015 Zhao) Fang Yu Shou Zheng Di No. 017	43,146.99	17 April 2015
(7)	(2015 Zhao) Fang Yu Shou Zheng Di No. 016	77,263.04	17 April 2015
Total:		<u>245,739.42</u>	

9. As advised by Lanhu Property, portion of the property with a total gross floor area of 63,161.97 sq.m. has been pre-sold to various purchasers at a total consideration of RMB454,299,968. Such portion of the property has not been legally and virtually transferred and therefore we have included the portions in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
10. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,772,000,000.
11. Pursuant to 2 Mortgage Contracts of Maximum Amount and a Supplemental Agreement, the land use rights of 2 parcels of land (under the State-owned Land Use Rights Certificates — Zhang Fa Guo Yong (2013) Di Nos. 0948 and 0949) and portion of the construction works erected thereon are subject to a mortgage in favour of Agricultural Bank of China Co., Ltd., Xiamen Haicang Sub-Branch.
12. As confirmed by the Company, the Company holds 100% interest in Lanhu Property as at the valuation date.
13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Lanhu Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Lanhu Property is entitled to use the land parcels mentioned in note 5 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 5 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;

- b. Lanhu Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
- c. For portions of the property which are in compliance with the condition of pre-sale, Lanhu Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Lanhu Property neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagee.
14. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
15. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB6,200 to RMB15,000 per sq.m. The prices of commercial premises range from RMB18,000 to RMB25,000 per sq.m. In respect of car parking spaces, the prices range from RMB130,000 to RMB160,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB6,700 to 12,000 per sq.m. for the residential portion, RMB20,000 per sq.m. for the commercial portion and RMB130,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015												
				RMB												
24.	Imperial Land under construction located at the eastern side of Longteng South Road and the northern side of planned Jianyuan North Road Longwen District Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 93,876.01 sq.m. which is planned to be developed into a residential development (known as Imperial Land) which was being constructed thereon as at the valuation date. The property is located at the eastern side of South Longteng Road and the northern side of planned North Jianyuan Road in Longwen District of Zhangzhou City. The subject area of the property is well-served by convenient public transportation with 10 minutes' driving distance to the city centre. The locality of the property is a newly-developed residential area with a good natural environment and public facilities with reasonable proximity to Jiaoye Park, Jingshan Park and Zhangzhou Second Hospital. The development of the property is scheduled to be completed in April 2017. Upon completion, the development will have a total planned gross floor area of approximately 315,176.11 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>217,725.07</td></tr><tr><td>Public rental housing</td><td>11,509.05</td></tr><tr><td>Basement (inclusive of 495 car parking spaces)</td><td>80,314.39</td></tr><tr><td>Ancillary</td><td>5,627.60</td></tr><tr><td>Total:</td><td>315,176.11</td></tr></table> The total construction cost is estimated to be approximately RMB1,215,000,000, of which approximately RMB283,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 40 years expiring on 11 April 2054 for commercial use and 70 years expiring on 11 April 2084 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	217,725.07	Public rental housing	11,509.05	Basement (inclusive of 495 car parking spaces)	80,314.39	Ancillary	5,627.60	Total:	315,176.11	The property was under construction as at the valuation date.	1,002,000,000 (50% interest attributable to the Group: RMB501,000,000)
Usage	Planned Gross Floor Area (sq.m.)															
Residential	217,725.07															
Public rental housing	11,509.05															
Basement (inclusive of 495 car parking spaces)	80,314.39															
Ancillary	5,627.60															
Total:	315,176.11															

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — 35060020130913G005 dated 11 October 2013 entered into between the State-owned Land and Resources Bureau of Zhangzhou City and Xiamen Hai Tou Property Co., Ltd. and a Supplemental Alteration Agreement of State-owned Land Use Rights Grant Contract dated 27 February 2014 entered into among the State-owned Land and Resources Bureau of Zhangzhou City, Xiamen Hai Tou Property Co., Ltd. and Hairong (Zhangzhou) Property Co., Ltd. (“Hairong Zhangzhou Property”, a 50%-50% joint venture of the Company), the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Hairong Zhangzhou Property with the particulars as follows:

Site Area	:	94,291.42 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial use and 70 years for residential use
Plot Ratio	:	≤2.5
Land Premium	:	RMB520,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No.3506002014R0009, permission towards the planning of the aforesaid land parcels with a total site area of approximately 94,291.42 sq.m. has been granted to Hairong Zhangzhou Property.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels with a total site area of approximately 94,291.42 sq.m. have been granted to Hairong Zhangzhou Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Zhang Long Guo Yong (2014) Di No. 1206	24,970.03	11 April 2084 11 April 2054	Residential Commercial
(2)	Zhang Long Guo Yong (2014) Di No. 1207	69,321.39	11 April 2084 11 April 2054	Residential Commercial
Total:		<u>94,291.42</u>		

4. Pursuant to 3 Construction Work Planning Permits issued by the Urban and Rural Planning Bureau of Zhangzhou City in favour of Hairong Zhangzhou Property, the construction works of Imperial Land have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 3506002014G0050	82,162.38	14 October 2014
(2)	Jian Zi Di No. 3506002014G0052	68,665.33	14 October 2014
(3)	Jian Zi Di No. 3506002014G0051	165,386.93	14 October 2014
Total:		<u>316,214.64</u>	

APPENDIX III

PROPERTY VALUATION

5. Pursuant to 3 Construction Work Commencement Permits issued by the Housing and Urban Rural Construction Committee of Zhangzhou City in favour of Hairong Zhangzhou Property, the commencement of the construction works of portion of Imperial Land (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	350600201410150101	81,123.85	15 October 2014
(2)	350600201412030101	165,386.93	3 December 2014
(3)	350600201412030201	68,665.33	3 December 2014
Total:		<u>315,176.11</u>	

6. Pursuant to 16 Pre-sale Permits, Hairong Zhangzhou Property is entitled to sell portion of Imperial Land with a total gross floor area of approximately 283,858.96 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	(2014 Zhang) Fang Yu Shou Zheng Di No. 114	2,730.80	15 December 2014
(2)	(2014 Zhang) Fang Yu Shou Zheng Di No. 119	15,138.17	18 December 2014
(3)	(2015 Zhang) Fang Yu Shou Zheng Di No. 008	14,575.80	28 January 2015
(4)	(2015 Zhang) Fang Yu Shou Zheng Di No. 013	1,732.64	13 February 2015
(5)	(2015 Zhang) Fang Yu Shou Zheng Di No. 019	21,472.49	20 March 2015
(6)	(2015 Zhang) Fang Yu Shou Zheng Di No. 021	1,732.64	26 March 2015
(7)	(2015 Zhang) Fang Yu Shou Zheng Di No. 041	3,067.12	11 May 2015
(8)	(2015 Zhang) Fang Yu Shou Zheng Di No. 036	3,468.92	30 April 2015
(9)	(2015 Zhang) Fang Yu Shou Zheng Di No. 044	3,999.06	20 May 2015
(10)	(2015 Zhang) Fang Yu Shou Zheng Di No. 040	16,618.81	11 May 2015
(11)	(2015 Zhang) Fang Yu Shou Zheng Di No. 048	2,854.68	10 June 2015
(12)	(2015 Zhang) Fang Yu Shou Zheng Di No. 052	2,239.80	25 June 2015
(13)	(2015 Zhang) Fang Yu Shou Zheng Di No. 051	7,250.56	23 June 2015
(14)	(2015 Zhang) Fang Yu Shou Zheng Di No. 074	2,051.40	25 September 2015
(15)	(2015 Zhang) Fang Yu Shou Zheng Di No. 076	50,408.73	19 October 2015
(16)	(2015 Zhang) Fang Yu Shou Zheng Di No. 070	134,517.34	2 September 2015
Total:		<u>283,858.96</u>	

7. As advised by Hairong Zhangzhou Property, portion of the property with a total gross floor area of 30,234.99 sq.m. has been pre-sold to various purchasers at a total consideration of RMB352,825,363. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,049,000,000.
9. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of 2 parcels of land (under the State-owned Land Use Rights Certificates — Zhang Long Guo Yong (2014) Di Nos. 1206 and 1207) are subject to a mortgage in favour of China Construction Bank Corporation, Zhangzhou Dongcheng Sub-Branch.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Hairong Zhangzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Hairong Zhangzhou Property is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - b. Hairong Zhangzhou Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;
 - c. For portion of the property which is in compliance with the condition of pre-sale, Hairong Zhangzhou Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits;
 - d. Hairong Zhangzhou Property is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Group", a wholly-owned subsidiary of the Company) and Xiamen Haitou Property Co., Ltd. ("Xiamen Haitou") and they have each contributed 50% of the registered capital with a total amount of RMB60,000,000. Rongxin Group and Xiamen Haitou have made their capital contributions to Hairong Zhangzhou Property and shall draw dividends in proportion to their actual capital contributions; and
 - e. Hairong Zhangzhou Property has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB6,000 to RMB22,000 per sq.m. The price of commercial premises range from RMB17,000 to RMB22,000 per sq.m. In respect of car parking spaces, the prices range from RMB150,000 to RMB170,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB6,800 to RMB20,000 per sq.m. for the residential portion, RMB17,000 to RMB20,000 per sq.m. for the commercial portion and RMB160,000 per lot for the car parking spaces portion. As advised by the Group, the public rental housing portion should be delivered to the relevant local governmental authority without compensation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015														
				RMB														
25.	College City located at the western side of the Dingzainei Mountain and the eastern side of Huangshan Road No.2 Development Zone Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 71,218 sq.m. and a residential and commercial development (known as College City) which was being constructed thereon as at the valuation date. The property is located at the western side of the Dingzainei Mountain and the eastern side of Huangshan Road in No. 2 Development Zone of Zhangzhou City. The subject area of the property is served by a few public transportation means with 10 minutes' driving distance to the dock of Zhangzhou Port and at about 20 minutes to the Xiamen city center by ferry. The locality of the property is a newly-developed residential area with a good natural environment and planned education facilities with reasonable proximity to Dingzainei Mountain. The development of the property is planned to be commenced in January 2018. Upon completion, the development will have a total planned gross floor area of approximately 180,732.24 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>135,149.00</td></tr><tr><td>Commercial</td><td>2,849.00</td></tr><tr><td>Basement</td><td>38,298.24</td></tr><tr><td>(inclusive of 1,005 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>4,436.00</td></tr><tr><td>Total:</td><td>180,732.24</td></tr></table> The total construction cost is estimated to be approximately RMB839,000,000, of which approximately RMB85,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 70 years expiring on 4 December 2084 for residential use, 50 years expiring on 4 December 2064 for science and education uses and 40 years expiring on 4 December 2054 for commercial service use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	135,149.00	Commercial	2,849.00	Basement	38,298.24	(inclusive of 1,005 car parking lots)		Ancillary	4,436.00	Total:	180,732.24	The property was under construction as at the valuation date.	724,000,000 (100% interest attributable to the Group: RMB724,000,000)
Usage	Planned Gross Floor Area (sq.m.)																	
Residential	135,149.00																	
Commercial	2,849.00																	
Basement	38,298.24																	
(inclusive of 1,005 car parking lots)																		
Ancillary	4,436.00																	
Total:	180,732.24																	

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 35068120131101G812 dated 15 November 2013 entered into between the State-owned Land Resources Bureau of Development Zone of Zhangzhou City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 9 May 2014 entered into among the State-owned Land Resources Bureau of Development Zone of Zhangzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Hemei (Zhangzhou) Property Co., Ltd. (“Hemei Zhangzhou Property”, a 51%-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Hemei Zhangzhou Property with the particulars as follows:

Site Area	:	71,218 sq.m.
Land Use	:	Residential, Commercial service, Science and Education
Land Term	:	70 years for residential use, 50 years for science and education uses and 40 years for commercial service use
Plot Ratio	:	≥1.1 and ≤2.0
Land Premium	:	RMB578,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di 350600201400020, permission towards the planning of the aforesaid land parcel with a site area of approximately 71,218 sq.m. has been granted to Hemei Zhangzhou Property.
3. Pursuant to a State-owned Land Use Rights Certificate — Zhang Fa Guo Yong (2015) Di No. 00266, the land use rights of the property with a site area of approximately 71,218 sq.m. have been granted to Hemei Zhangzhou Property for terms of 70 years expiring on 4 December 2084 for residential use, 50 years expiring on 4 December 2064 and 40 years expiring on 4 December 2054 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350600201400040 issued by the Urban Planning Bureau of Zhangzhou Merchants Economic and Technological Development Zone in favour of Hemei Zhangzhou Property, the construction works of College City with a gross floor area of approximately 180,632.33 sq.m. have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 36310520141219041 issued by the Urban and Rural Construction Committee of Zhangzhou Merchants Economic and Technological Development Zone in favour of Hemei Zhangzhou Property, the commencement of the construction works of College City with a gross floor area of approximately 180,732.24 sq.m. has been permitted.
6. Pursuant to 2 Pre-sale Permits, Heimei Zhangzhou Property is entitled to sell portion of the College City with a total gross floor area of approximately 81,050.72 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2015 Zhao) Fang Yu Shou Zheng Di No. 028	59,502.18	9 September 2015
(2)	(2015 Zhao) Fang Yu Shou Zheng Di No. 033	21,548.54	25 September 2015
Total:		<u>81,050.72</u>	

7. As advised by Heimei Zhangzhou Property, portion of the property with a total gross floor area of 17,559.01 sq.m. has been pre-sold to various purchasers at a total consideration of RMB121,244,132. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.

8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,408,000,000.
9. As confirmed by the Company, the Company holds 100% interest in Hemei Zhangzhou Property as at the valuation date.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Hemei Zhangzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Hemei Zhangzhou Property is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights;
 - b. Hemei Zhangzhou Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - c. For portion of the property which is in compliance with the condition of pre-sale, Hemei Zhangzhou Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | No |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB7,200 to RMB9,000 per sq.m. The prices of commercial premises range from RMB20,000 to RMB35,000 per sq.m. In respect of car parking spaces, the prices range from RMB200,000 to RMB280,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB8,500 per sq.m. for the residential portion, RMB20,000 per sq.m. for the commercial portion and RMB230,000 per lot for the car parking spaces portion. As advised by the Group, the affordable housing portion should be delivered to the relevant local governmental authority without compensation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015												
				RMB												
26.	Zhangzhou Harbor B8 Lot located at the northern side of Yonghong International Garden and the western side of Nanbin Avenue No.2 Development Zone Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 69,988 sq.m. and a residential development (Zhangzhou Harbor B8) which was being constructed thereon as at the valuation date. The property is located at the northern side of Yonghong International Garden and the western side of Nanbin Avenue in No.2 Development Zone of Zhangzhou City. The subject area of the property is served by a few public transportation means with 10 minutes' driving distance to the dock of Zhangzhou Port and at about 20 minutes to the Xiamen city center by ferry. The locality of the property is a newly-developed residential area with a good natural environment and planned education facilities with reasonable proximity to Wuyi Mountain road and Jinghu Park. As advised by the Group, the development of the property is planned to be completed in December 2018. Upon completion, the development will have a total planned gross floor area of approximately 138,553.17 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>97,849.34</td></tr><tr><td>Commercial</td><td>651.85</td></tr><tr><td>Basement</td><td>31,831.64</td></tr><tr><td>Ancillary</td><td>8,220.34</td></tr><tr><td>Total:</td><td><u>138,553.17</u></td></tr></table> The land use rights of the property have been granted for terms of 70 years expiring on 30 December 2084 for residential use, 50 years expiring on 30 December 2064 for science and education uses and 40 years expiring on 30 December 2054 for commercial service use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	97,849.34	Commercial	651.85	Basement	31,831.64	Ancillary	8,220.34	Total:	<u>138,553.17</u>	The property was under construction as at the valuation date.	531,000,000 (100% interest attributable to the Group: RMB531,000,000)
Usage	Planned Gross Floor Area (sq.m.)															
Residential	97,849.34															
Commercial	651.85															
Basement	31,831.64															
Ancillary	8,220.34															
Total:	<u>138,553.17</u>															

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 35068120131101G814 dated 15 November 2013 entered into between the State-owned Land Resources Bureau of Development Zone of Zhangzhou City and Rongxin (Fujian) Investment Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 9 May 2014 entered into among the State-owned Land Resources Bureau of Development Zone of Zhangzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Hemei (Zhangzhou) Property Co., Ltd. (“Hemei Zhangzhou Property”, a 51%-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Hemei Zhangzhou Property with the particulars as follows:

Site Area	:	69,988 sq.m.
Land Use	:	Residential, Commercial service, Science and Education
Land Term	:	70 years for residential use, 50 years for science and education uses and 40 years for commercial service use
Plot Ratio	:	≥1.1 and ≤1.52
Land Premium	:	RMB518,000,000
2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350600201500001, permission towards the planning of the aforesaid land parcel with a site area of approximately 69,988.23 sq.m. has been granted to Hemei Zhangzhou Property.
3. Pursuant to a State-owned Land Use Rights Certificate — Zhang Fa Guo Yong (2015) No. 02007, the land use rights of the property with a site area of approximately 69,988 sq.m. have been granted to Hemei Zhangzhou Property for terms of 70 years expiring on 30 December 2084 for residential use, 50 years expiring on 30 December 2064 for science and education uses and 40 years expiring on 30 December 2054 for commercial service use, respectively.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350600201500008 issued by the Planning Construction Bureau of Zhangzhou China Merchants Economic and Technological Development Zone, the construction works of the property with a gross floor area of approximately 143,647.30 sq.m. have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 36310520150630016 issued by the Planning Construction Bureau of Zhangzhou China Merchants Economic and Technological Development Zone, the commencement of the construction works of the property with a gross floor area of approximately 143,647.30 sq.m. has been permitted.
6. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB905,000,000.
7. As confirmed by the Company, the Company holds 100% interest in Hemei Zhangzhou Property as at the valuation date.
8. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Hemei Zhangzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Hemei Zhangzhou Property is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party’s rights; and

- b. Hemei Zhangzhou Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/ approvals/ certificates of the construction works are revoked, abolished or repealed.

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

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

10. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB7,000 to RMB15,000 per sq.m. The prices of commercial premises range from RMB18,000 to RMB22,000 per sq.m. In respect of car parking spaces, the prices range from RMB180,000 to RMB240,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB7,500 to RMB13,000 per sq.m. for the residential portion, RMB20,000 per sq.m. for the commercial portion and RMB230,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015												
				RMB												
27.	Zhangzhou Wanke City under construction located at the eastern side of Jinfeng South Road and the southern side of Ruijing Road Xiangcheng District Zhangzhou City Fujian Province The PRC	The property comprises 2 parcels of land and portion of a parcel of land with a total site area of approximately 100,756.69 sq.m. and portion of a residential and commercial development (known as Zhangzhou Wanke City) which was being constructed thereon as at the valuation date. The property is located at the eastern side of Jinfeng South Road and the southern side of Ruijing Road in Xiangcheng District of Zhangzhou City. The subject area of the property is well-served by public transportation with 10 minutes' driving distance to the city centre, 25 minutes' driving distance to Zhangzhou Railway Station and close to Zhangzhou West Coach Terminal. The locality of the property is a newly-developed residential area with by a good natural environment with reasonable proximity to Sanxiang River and Zhishan Park. The development of the property is scheduled to be completed in December 2017. Upon completion, the development will have a total planned gross floor area of approximately 450,161.98 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>309,165.44</td></tr><tr><td>Commercial</td><td>11,814.82</td></tr><tr><td>Basement (inclusive of 3,442 car parking spaces)</td><td>121,334.56</td></tr><tr><td>Ancillary</td><td>7,847.16</td></tr><tr><td>Total:</td><td>450,161.98</td></tr></table> The total construction cost is estimated to be approximately RMB1,355,000,000, of which approximately RMB343,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 40 years expiring on 13 November 2053 for commercial service use and 70 years expiring on 13 November 2083 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	309,165.44	Commercial	11,814.82	Basement (inclusive of 3,442 car parking spaces)	121,334.56	Ancillary	7,847.16	Total:	450,161.98	The property was under construction as at the valuation date.	1,306,000,000 (20% interest attributable to the Group: RMB261,200,000)
Usage	Planned Gross Floor Area (sq.m.)															
Residential	309,165.44															
Commercial	11,814.82															
Basement (inclusive of 3,442 car parking spaces)	121,334.56															
Ancillary	7,847.16															
Total:	450,161.98															

Notes:

1. Pursuant to 3 State-owned Construction Land Use Rights Grant Contracts — No. 35060020130913G001 to 35060020130913G003 entered into between the State-owned Land Resources Bureau of Zhangzhou City and Shenzhen Vanke Real Estate Co., Ltd. and 3 Supplemental Agreements of the aforesaid State-owned Construction Land Use Rights Grant Contracts all dated 20 January 2014 entered into among the State-owned Land Resources Bureau of Zhangzhou City, Shenzhen Vanke Real Estate Co., Ltd. and Zhangzhou Wankebinjiang Property Co., Ltd. (“Zhangzhou Wanke”, 10.2% interest held by the Company), the land use rights of 5 parcels of land (including the land use rights of the property) were contracted to be granted to Zhangzhou Wanke with the particulars as follows:

Land parcel No. 2013G01

Site Area	:	72,182.17 sq.m.
Land Use	:	Commercial service and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≥1.0 and ≤3.5
Land Premium	:	RMB634,000,000

Land parcel No. 2013G02

Site Area	:	127,360.02 sq.m. (42,405.80 sq.m. for land parcel A and 84,954.22 sq.m. for land parcel B)
Land Use	:	Commercial service and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≥1.0 and ≤3.6 for land parcel A ≥1.0 and ≤3.0 for land parcel B
Land Premium	:	RMB688,000,000

Land parcel No. 2013G03

Site Area	:	36,064.18 sq.m. (25,202.80 sq.m. for land parcel A and 10,861.38 sq.m. for land parcel B)
Land Use	:	Commercial service and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≥1.0 and ≤3.6 for land parcel A ≥1.0 and ≤5.0 for land parcel B
Land Premium	:	RMB182,000,000

2. Pursuant to 3 Construction Land Planning Permits, permission towards the planning of 3 parcels of land has been granted to Zhangzhou Wanke. The details are set out as follows:

No.	Permit No.	Site Area (sq.m.)	Issuance date
(1)	Di Zi Di No. 3506002014R0001	72,182.17	23 January 2014
(2)	Di Zi Di No. 3506002014R0002	84,954.22	23 January 2014
(3)	Di Zi Di No. 3506002014R0003	10,861.38	23 January 2014
Total:		<u>167,997.77</u>	

3. Pursuant to 3 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels with a total site area of approximately 167,997.77 sq.m. (including the land use rights of the property) have been granted to Zhangzhou Wanke. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Zhang Guo Yong (2014) Di No. 157203	72,182.17	13 November 2053 13 November 2083	Commercial service Residential
(2)	Zhang Guo Yong (2014) Di No. 160196	84,954.22	13 November 2053 13 November 2083	Commercial service Residential
(3)	Zhang Guo Yong (2015) Di No. 164298	10,861.38	13 November 2053 13 November 2083	Commercial service Residential
Total:		<u>167,997.77</u>		

4. Pursuant to 13 Construction Work Planning Permits issued by the Housing and Urban-Rural Planning Bureau of Zhangzhou City in favour of Zhangzhou Wanke, the construction works of portion of Zhangzhou Wanke City (including the property) have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di No. 3506002014G0026	45,822.37	15 May 2014
(2)	Jian Zi Di No. 3506002014G0037	5,841.46	23 July 2014
(3)	Jian Zi Di No. 3506002014G0039	83,200.70	21 August 2014
(4)	Jian Zi Di No. 3506002014G0041	33,883.78	21 August 2014
(5)	Jian Zi Di No. 3506002015G0012	114,839.62	4 March 2015
(6)	Jian Zi Di No. 3506002015G0010	25,367.15	4 March 2015
(7)	Jian Zi Di No. 3506002014G0056	24,421.53	26 November 2014
(8)	Jian Zi Di No. 3506002015G0020	27,423.06	21 April 2015
(9)	Jian Zi Di No. 3506002015G0021	44,222.52	21 April 2015
(10)	Jian Zi Di No. 3506002015G0024	179,850.43	24 April 2015
(11)	Jian Zi Di No. 3506002015G0044	21,535.92	20 August 2015
(12)	Jian Zi Di No. 3506002015G0054	59,031.78	22 September 2015
(13)	Jian Zi Di No. 3506002015G0065	88,080.25	9 November 2015
Total:		<u>753,520.57</u>	

APPENDIX III

PROPERTY VALUATION

5. Pursuant to 10 Construction Work Commencement Permits issued by the Housing and Urban-Rural Development Bureau of Zhangzhou City in favour of Zhangzhou Wanke, the commencement of the construction works of portion of Zhangzhou Wanke City (including the property) has been permitted. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	350600201408270201	33,883.78	27 August 2014
(2)	350600201409020101	83,200.70	2 September 2014
(3)	350600201405160101	45,822.37	16 May 2014
(4)	350600201407300101	5,841.46	30 July 2014
(5)	350600201411270201	24,421.53	27 November 2014
(6)	350600201503110101	114,839.62	11 March 2015
(7)	350600201503110201	25,367.15	11 March 2015
(8)	350600201507300201	71,645.58	30 July 2015
(9)	350600201508250101	21,535.92	25 August 2015
(10)	350600201509250101	23,603.87	25 September 2015
Total:		<u>450,161.98</u>	

6. Pursuant to 13 Pre-sale Permits, Zhangzhou Wanke is entitled to sell 4,229 units of Zhangzhou Wanke City with a total gross floor area of approximately 277,801.19 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	(2014 Zhang) Fang Yu Shou Zheng Di No. 045	19,174.58	26 June 2014
(2)	(2014 Zhang) Fang Yu Shou Zheng Di No. 046	19,173.32	26 June 2014
(3)	(2014 Zhang) Fang Yu Shou Zheng Di No. 087	11,048.80	30 September 2014
(4)	(2014 Zhang) Fang Yu Shou Zheng Di No. 088	25,467.32	30 September 2014
(5)	(2014 Zhang) Fang Yu Shou Zheng Di No. 096	22,705.94	24 October 2014
(6)	(2014 Zhang) Fang Yu Shou Zheng Di No. 097	7,449.26	24 October 2014
(7)	(2014 Zhang) Fang Yu Shou Zheng Di No. 104	22,703.64	27 November 2014
(8)	(2014 Zhang) Fang Yu Shou Zheng Di No. 105	1,377.92	27 November 2014
(9)	(2014 Zhang) Fang Yu Shou Zheng Di No. 116	10,979.46	17 December 2014
(10)	(2015 Zhang) Fang Yu Shou Zheng Di No. 053	25,042.00	26 June 2015
(11)	(2015 Zhang) Fang Yu Shou Zheng Di No. 060	22,948.77	17 August 2015
(12)	(2015 Zhang) Fang Yu Shou Zheng Di No. 073	66,688.18	14 September 2015
(13)	(2015 Zhang) Fang Yu Shou Zheng Di No. 075	23,042.00	10 October 2015
Total:		<u>277,801.19</u>	

7. As advised by Zhangzhou Wanke, portion of the property with a total gross floor area of 189,287.00 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,784,360,000. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,571,000,000.

9. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Zhang Guo Yong (2014) Di No. 160196) and construction works erected thereon are subject to a mortgage in favour of Agricultural Bank of China Co., Ltd., Zhangzhou Xiangcheng Sub-Branch.
10. As confirmed by the Company, the Company holds 20% interest in Zhangzhou Wanke as at the valuation date.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Zhangzhou Wanke is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Zhangzhou Wanke is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - b. Zhangzhou Wanke has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - c. For portion of the property which is in compliance with the condition of pre-sale, Zhangzhou Wanke has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Zhangzhou Wanke neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagee.
12. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB8,500 to RMB12,500 per sq.m. The prices of commercial premises range from RMB20,000 to RMB23,000 per sq.m. In respect of car parking spaces, the prices range from RMB150,000 to RMB190,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB8,500 to RMB12,000 per sq.m. for the residential portion, RMB20,000 per sq.m. for the commercial portion and RMB150,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB														
28.	Phase I of Blue Peacock located at the south-western side of Kongque Road and the eastern side of Fangzhi Road Gongshu District Hangzhou City Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 28,215 sq.m. and a residential development (known as Phase I of Blue Peacock) which was being constructed thereon as at the valuation date. The property is located at the south-western side of Kongque Road and the eastern side of Fangzhi Road in Gongshu District of Hangzhou City. The subject area of the property is well-served by convenient public transportation and it is about 3 kilometers away from the city centre and close to Wanda Plaza (under construction). The locality of the property is a newly-developed residential area with a good natural environment and various commercial facilities. The development of the property is scheduled to be completed in September 2016. Upon completion, the development will have a total gross floor area of approximately 124,176.80 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>81,755.26</td></tr><tr><td>Commercial</td><td>5,023.89</td></tr><tr><td>Basement</td><td>33,890.35</td></tr><tr><td>(inclusive of 756 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>3,507.30</td></tr><tr><td>Total:</td><td><u>124,176.80</u></td></tr></table> The total construction cost is estimated to be approximately RMB627,000,000, of which approximately RMB283,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 28 April 2084 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	81,755.26	Commercial	5,023.89	Basement	33,890.35	(inclusive of 756 car parking lots)		Ancillary	3,507.30	Total:	<u>124,176.80</u>	The property was under construction as at the valuation date.	1,781,000,000 (51% interest attributable to the Group: RMB908,310,000)
Usage	Planned Gross Floor Area (sq.m.)																	
Residential	81,755.26																	
Commercial	5,023.89																	
Basement	33,890.35																	
(inclusive of 756 car parking lots)																		
Ancillary	3,507.30																	
Total:	<u>124,176.80</u>																	

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 3301002013A21093 dated 10 December 2013 entered into between the State-owned Land Resources Bureau of Hangzhou City and Hemei Shanghai Property Development Co., Limited and a Supplemental Agreement of State-owned Construction Land Use Rights Grant Contract dated 29 October 2013 entered into among the State-owned Land Resources Bureau of Hangzhou City, Hemei (Shanghai) Property Development Co., Limited and Hangzhou Kaizhu Rongxin Property Development Co., Ltd. (“Hangzhou Kaizhu”, a 51% owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Hangzhou Kaizhu with particulars as follows:

Site Area	:	28,215 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	≤3.2
Land Premium	:	RMB1,260,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi No. 330100201300368, permission towards the planning of the aforesaid land parcel with a site area of approximately 28,215 sq.m. has been granted to Hangzhou Kaizhu.
3. Pursuant to a State-owned Land Use Rights Certificate — Hang Gong Guo Yong (2014) No. 100035, the land use rights of a parcel of land with a site area of approximately 28,215 sq.m. have been granted to Hangzhou Kaizhu for a term of 70 years expiring on 28 April 2084 for residential use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 330100201400205 issued by the Planning Bureau of Hangzhou City in favour of Hangzhou Kaizhu, the construction works of Phase I of Blue Peacock with a total gross floor area of approximately 124,176.80 sq.m. have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 330100201408150101 issued by the Urban and Rural Construction Committee of Hangzhou City in favour of Hangzhou Kaizhu, the commencement of the construction works of Phase I of Blue Peacock with a total gross floor area of approximately 124,176.80 sq.m. has been permitted.
6. Pursuant to 3 Pre-sale Permits, Hangzhou Kaizhu is entitled to sell portion of Phase I of Blue Peacock with a total gross floor area of approximately 86,088.74 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Hang Shou Xu Zi (2014) Di No. 000115	32,099.14	16 October 2014
(2)	Hang Shou Xu Zi (2015) Di No. 000022	20,919.72	19 February 2015
(3)	Hang Shou Xu Zi (2015) Di No. 000109	33,069.88	24 August 2015
Total:		<u>86,088.74</u>	

7. As advised by Hangzhou Kaizhu, portion of the property with a total gross floor area of 35,618.44 sq.m. has been pre-sold to various purchasers at a total consideration of RMB677,523,152. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,237,000,000.

9. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of China Resources SZITIC Trust Co., Ltd.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Hangzhou Kaizhu is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the term of the land use rights, Hangzhou Kaizhu is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - b. Hangzhou Kaizhu has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - c. For portion of the property which is in compliance with the condition of pre-sale, Hangzhou Kaizhu has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB21,000 to RMB27,000 per sq.m. The prices of commercial premises range from RMB28,500 to RMB40,000 per sq.m. In respect of car parking spaces, the prices range from RMB180,000 to RMB220,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB25,000 per sq.m. for the residential portion, RMB36,000 per sq.m. for the commercial portion and RMB200,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015														
				RMB														
29.	Phase II of Blue Peacock located at the southern side of Feihong Road the eastern side of Huagong Road and the northern side of Yuying Road Gongshu District Hangzhou City Zhejiang Province The PRC	The property comprises a parcel of land with a site area of approximately 56,521 sq.m. which is planned to be developed into a residential development known as Phase II of Blue Peacock. The property is located at the southern side of Feihong Road, the eastern side of Huagong Road and the northern side of Yuying Road in Gongshu District of Hangzhou City. The subject area of the property is well-served by convenient traffic and it is about 3 kilometers away from the city centre and close to Wanda Plaza (under construction). The locality of the property is a newly-developed residential area with a good natural environment. The development of the property is scheduled to be completed in January 2017. Upon completion, the development will have a total planned gross floor area of approximately 204,114.60 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>132,285.00</td></tr><tr><td>Commercial</td><td>11,826.60</td></tr><tr><td>Basement</td><td>57,160.00</td></tr><tr><td>(inclusive of 1,200 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>2,843.00</td></tr><tr><td>Total:</td><td><u>204,114.60</u></td></tr></table> The total construction cost is estimated to be approximately RMB1,310,000,000, of which approximately RMB355,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 19 October 2084 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	132,285.00	Commercial	11,826.60	Basement	57,160.00	(inclusive of 1,200 car parking lots)		Ancillary	2,843.00	Total:	<u>204,114.60</u>	The property was under construction as at the valuation date.	2,633,000,000 (51% interest attributable to the Group: RMB1,342,830,000)
Usage	Planned Gross Floor Area (sq.m.)																	
Residential	132,285.00																	
Commercial	11,826.60																	
Basement	57,160.00																	
(inclusive of 1,200 car parking lots)																		
Ancillary	2,843.00																	
Total:	<u>204,114.60</u>																	

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 3301002013A21094 dated 10 October 2013 entered into between the State-owned Land Resources Bureau of Hangzhou City and Hemei (Shanghai) Property Development Co., Limited and a Supplemental Agreement of State-owned Construction Land Use Rights Grant Contract dated 29 October 2013 entered into among the State-owned Land Resources Bureau of Hangzhou City, Hemei (Shanghai) Property Development Co., Limited and Hangzhou Kaizhu Rongxin Property Development Co., Ltd. (“Hangzhou Kaizhu”, a 51% owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Hangzhou Kaizhu with particulars as follows:

Site Area	:	56,521 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	≤2.6
Land Price	:	RMB2,200,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi No. 330100201300375, permission towards the planning of the aforesaid land parcel with a site area of approximately 56,521 sq.m. has been granted to Hangzhou Kaizhu.
- Pursuant to a State-owned Land Use Rights Certificate — Hang Gong Guo Yong (2015) No. 100015, the land use rights of a parcel of land with a site area of approximately 56,521 sq.m. have been granted to Hangzhou Kaizhu for a term of 70 years expiring on 19 October 2084 for residential use.
- Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 330100201500084 issued by the Planning Bureau of Hangzhou City in favour of Hangzhou Kaizhu, the construction works of Phase II of Blue Peacock with a total gross floor area of approximately 209,522.82 sq.m. have been approved.
- Pursuant to a Construction Work Commencement Permit — No. 330105201503230101 issued by the Urban and Rural Construction Committee of Hangzhou City in favour of Hangzhou Kaizhu, the commencement of the construction works of Phase II of Blue Peacock with a total gross floor area of approximately 209,522.82 sq.m. has been permitted.
- Pursuant to 2 Pre-sale Permit, Hangzhou Kaizhu is entitled to sell portion of Phase II of Blue Peacock (including the property) with a total gross floor area of approximately 42,230.96 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor	Issuance date
		Area (sq.m.)	
(1)	Hang Shou Xu Zi (2015) Di No. 000055	34,413.56	15 May 2015
(2)	Hang Shou Xu Zi (2015) Di No. 000105	7,817.40	15 August 2015
Total:		<u>42,230.96</u>	

- As advised by Hangzhou Kaizhu, portion of the property with a total gross floor area of 18,288.83 sq.m. has been pre-sold to various purchasers at a total consideration of RMB380,287,405. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
- The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB4,005,000,000.
- Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of Beijing Tiandifangzhong Asset Management Co., Ltd.

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

- a. Hangzhou Kaizhu is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the term of the land use rights, Hangzhou Kaizhu is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
- b. Hangzhou Kaizhu has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
- c. For portion of the property which is in compliance with the condition of pre-sale, Hangzhou Kaizhu has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.

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

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

12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB19,000 to RMB25,000 per sq.m. The prices of commercial premises range from RMB28,500 to RMB40,000 per sq.m. In respect of car parking spaces, the prices range from RMB180,000 to RMB220,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB25,000 per sq.m. for the residential portion, RMB36,000 per sq.m. for the commercial portion and RMB200,000 per lot for the car parking spaces portion.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015													
				RMB													
30.	Hangzhou Mansion located at the southern side of Yuhangtang River and the eastern side of Xueyuan Road Xihu District Hangzhou City Zhejiang Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 45,574 sq.m. and a residential development (known as Hangzhou Mansion) which was being constructed thereon as at the valuation date. The property is located at the southern side of Yuhangtang River and the eastern side of Xueyuan Road in Xihu District of Hangzhou City. The subject area of the property is well-served by public transportation and is about 1 kilometer to the city center. The locality of the property is a residential area served by a good natural environment and various commercial facilities. The development of the property is scheduled to be completed in September 2016. Upon completion, the development will have a total planned gross floor area of approximately 212,829.07 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>113,176.27</td></tr><tr><td>Public rental housing</td><td>16,012.64</td></tr><tr><td>Basement</td><td>76,421.23</td></tr><tr><td>(inclusive of 1,280 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>7,218.93</td></tr><tr><td>Total:</td><td><u>212,829.07</u></td></tr></table> The total construction cost is estimated to be approximately RMB1,597,000,000 of which approximately RMB356,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for a term of 70 years for residential use expiring on 31 January 2085.	Usage	Planned Gross Floor Area (sq.m.)	Residential	113,176.27	Public rental housing	16,012.64	Basement	76,421.23	(inclusive of 1,280 car parking lots)		Ancillary	7,218.93	Total:	<u>212,829.07</u>	The property was under construction as at the valuation date. 3,789,000,000 (100% interest attributable to Group: RMB3,789,000,000)
Usage	Planned Gross Floor Area (sq.m.)																
Residential	113,176.27																
Public rental housing	16,012.64																
Basement	76,421.23																
(inclusive of 1,280 car parking lots)																	
Ancillary	7,218.93																
Total:	<u>212,829.07</u>																

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — No. 3301002014A21020 dated 29 January 2014 entered into between the State-owned Land Resources Bureau of Hangzhou City and Rongxin (Fujian) Investment Co., Ltd. and

a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 29 January 2014 entered into among the State-owned Land Resources Bureau of Hangzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Hangzhou Rongxin Kaisheng Property Development Co., Ltd. (“Hangzhou Kaisheng”, a wholly-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Hangzhou Kaisheng with the particulars as follows:

Site Area	:	45,574 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	≤2.88
Land Premium	:	RMB3,384,370,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 3301000201400082, permission towards the planning of the aforesaid land parcel with a site area of approximately 45,574 sq.m. has been granted to Hangzhou Kaisheng.
3. Pursuant to 2 State-owned Land Use Rights Certificates — Hang Xi Guo Yong (2015) Di Nos. 100038 and 100039, the land use rights of the property with a total site area of approximately 45,574 sq.m. have been granted to Hangzhou Kaisheng for a term of 70 years expiring on 31 January 2085 for residential use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 330100201500113 dated 31 May 2015 issued by the Urban and Rural Planning Bureau of Hangzhou City in favour of Hangzhou Kaisheng, the construction works of the property with a gross floor area of approximately 212,829.07 sq.m. have been approved.
5. Pursuant to a Construction Work Commencement Permit — No. 330106201505180101 dated 18 May 2015 issued by the Construction and Transportation Committee of Xihu District of Hangzhou City in favour of Hangzhou Kaisheng, the commencement of the construction works of the property with a gross floor area of approximately 212,829.07 sq.m. has been permitted.
6. Pursuant to 2 Pre-sale Permits, Hangzhou Kaisheng is entitled to sell portion of Hangzhou Mansion with a total gross floor area of approximately 48,360.95 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Hang Shou Xu Zi (2015) Di No. 000073	9,855.17	20 June 2015
(2)	Hang Shou Xu Zi (2015) Di No. 000088	38,505.78	19 February 2015
Total:		<u>48,360.95</u>	

7. As advised by Hangzhou Kaisheng, portion of the property with a total gross floor area of 16,951.26 sq.m. has been pre-sold to various purchasers at a total consideration of RMB793,170,795. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB5,568,000,000.
9. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Hang Xi Guo Yong (2015) Di No. 100038) are subject to mortgage in favour of Nanchong Commercial Bank Co., Ltd, Business Department.

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

- a. Hangzhou Kaisheng is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Hangzhou Kaisheng is entitled to use the land parcels mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
- b. Hangzhou Kaisheng has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/ approvals/ certificates of the construction works are revoked, abolished or repealed; and
- c. For portion of the property which is in compliance with the condition of pre-sale, Hangzhou Kaisheng has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits.

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

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

12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB36,000 to RMB55,000 per sq.m. The prices of commercial premises range from RMB45,000 to RMB55,000 per sq.m. In respect of car parking spaces, the prices range from RMB150,000 to RMB210,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB43,000 to RMB52,000 per sq.m. for the residential portion, RMB50,000 per sq.m. for the commercial portion and RMB200,000 per lot for the car parking spaces portion. As advised by the Group, the public rental housing portion should be delivered to the relevant local governmental authority without compensation.

VALUATION CERTIFICATE

			Particulars of	Market value in															
No.	Property	Description and tenure	occupancy	existing state as at															
				31 October 2015															
				RMB															
31.	Imperial Villa located at Lane 889 and 879 Zhiding Road Zhaoxiang Town Qingpu District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 121,376.80 sq.m. and a residential development (known as Imperial Villa) which was being constructed thereon as at the valuation date. The property is located at the southern side of Dianpu River, the eastern side of Xintongbo River, the western side of Zhiding Road and the northern side of Shangjing River in Qingpu District of Shanghai . The subject area of the property is in lack of supporting facilities and is about 3 kilometers to Zhaoxiang Town. The locality of the property is a newly-developed residential area with a good natural environment. The development of the property is scheduled to be completed in July 2016. Upon completion, the development will have a total gross floor area of approximately 203,772.00 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>116,199.72</td></tr><tr><td>Public rental housing</td><td>6,266.36</td></tr><tr><td>Commercial</td><td>1,101.00</td></tr><tr><td>Basement</td><td>78,055.92</td></tr><tr><td>(inclusive of 1,197 car parking lots)</td><td></td></tr><tr><td>Ancillary</td><td>2,149.00</td></tr><tr><td>Total:</td><td><u>203,772.00</u></td></tr></table> The total construction cost is estimated to be approximately RMB1,430,000,000 of which approximately RMB910,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 2 July 2083 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	116,199.72	Public rental housing	6,266.36	Commercial	1,101.00	Basement	78,055.92	(inclusive of 1,197 car parking lots)		Ancillary	2,149.00	Total:	<u>203,772.00</u>	The property was under construction as at the valuation date. 2,442,000,000 (51% interest attributable to the Group: RMB1,245,420,000)
Usage	Planned Gross Floor Area (sq.m.)																		
Residential	116,199.72																		
Public rental housing	6,266.36																		
Commercial	1,101.00																		
Basement	78,055.92																		
(inclusive of 1,197 car parking lots)																			
Ancillary	2,149.00																		
Total:	<u>203,772.00</u>																		

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Hu Qing Gui Tu (2013) Chu Rang He Tong Bu Zi No. 26 dated 27 April 2013 entered into between the Planning and Land Administration Bureau of Qingpu District of Shanghai and Hemei (Shanghai) Property Development Co., Limited (“Hemei Shanghai Property”, a 51%-owned subsidiary of the Company), the land use rights of the property were contracted to be granted to Hemei Shanghai Property with the particulars as follows:

Site Area	:	121,376.80 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	≤1.02
Land Premium	:	RMB1,412,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di Hu Qing Di (2013) EA31011820134880, permission towards the planning of the aforesaid land parcel with a site area of approximately 121,376.80 sq.m. has been granted to Hemei Shanghai Property.
- Pursuant to a State-owned Land Use Rights Certificate — Hu Fang Di Qing Zi (2013) Di No. 011997, the land use rights of a parcel of land with a site area of approximately 121,376.80 sq.m. have been granted to Hemei Shanghai Property for a term of 70 years expiring on 2 July 2083 for residential use.
- Pursuant to a Construction Work Planning Permit — Jian Zi Di Hu Qing Jian (2014) FA31011820144256 issued by the Planning and Land Administration Bureau of Qingpu District of Shanghai in favour of Hemei Shanghai Property, the construction works of Imperial Villa with a total gross floor area of approximately 203,772.00 sq.m. have been approved.
- Pursuant to a Construction Work Commencement Permit — No. 310118201308071219 issued by the Construction and Transportation Committee of Qingpu District of Shanghai in favour of Hemei Shanghai Property, the commencement of the construction works of Imperial Villa with a total gross floor area of approximately 203,772.01 sq.m. has been permitted.
- Pursuant to 3 Pre-sale Permits, Hemei Shanghai Property is entitled to sell portions of Imperial Villa with a total gross floor area of approximately 118,596.16 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Qing Pu Fang Guan (2014) Yu Zi No. 0000365	36,489.83	23 July 2017
(2)	Qing Pu Fang Guan (2015) Yu Zi No. 0000005	40,776.59	20 May 2015
(3)	Qing Pu Fang Guan (2015) Yu Zi No. 0000459	41,329.74	2 September 2015
Total:		118,596.16	

- As advised by Hemei Shanghai Property, portion of the property with a total gross floor area of 46,620.47 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,124,148,137. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
- The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,340,000,000.

9. Pursuant to 2 Mortgage Contracts, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Hu Fang Di Qing Zi (2013) Di No. 011997) and portions of the construction works erected thereon are subject to mortgages in favour of Bank of Shanghai Co., Ltd., Yangpu Sub-Branch.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Hemei Shanghai Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the term of the land use rights, Hemei Shanghai Property is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgages;
 - b. Hemei Shanghai Property has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed; and
 - c. For portions of the property which are in compliance with the condition of pre-sale, Hemei Shanghai Property has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permit. However, for the parts that are subject to mortgages as mentioned above, Hemei Shanghai Property neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagee.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB19,000 to RMB35,000 per sq.m. The prices of commercial premises range from RMB25,000 to RMB40,000 per sq.m. In respect of car parking spaces, the prices range from RMB100,000 to RMB145,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB22,000 to RMB32,000 per sq.m. for the residential portion, RMB35,000 per sq.m. for the commercial portion and RMB125,000 per lot for the car parking spaces portion. As advised by the Group, the public rental housing portion should be delivered to the relevant local governmental authority without compensation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015												
				RMB												
32.	French Legend located at the southern side of Lijiawan Road and the western side of Xinnonghe Road Songjiang District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 113,399.7 sq.m. and a residential development (known as French Legend) which was being constructed thereon as at the valuation date. The property is located at the southern side of Lijiawan Road and the western side of Xinnonghe Road in Songjiang District of Shanghai. The subject area of the property is next to Shenhai Highway. The locality of the property is a newly-developed residential area with a good natural environment. The development of the property is scheduled to be completed in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 174,863.43 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>108,228.70</td></tr><tr><td>Affordable housing</td><td>5,803.62</td></tr><tr><td>Basement (inclusive of 450 car parking lots)</td><td>26,073.32</td></tr><tr><td>Ancillary</td><td><u>34,757.79</u></td></tr><tr><td>Total:</td><td><u>174,863.43</u></td></tr></table> The total construction cost is estimated to be approximately RMB914,000,000 of which approximately RMB532,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 17 October 2083 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	108,228.70	Affordable housing	5,803.62	Basement (inclusive of 450 car parking lots)	26,073.32	Ancillary	<u>34,757.79</u>	Total:	<u>174,863.43</u>	The property was under construction as at the valuation date.	2,207,000,000 (50% interest attributable to the Group: RMB1,103,500,000)
Usage	Planned Gross Floor Area (sq.m.)															
Residential	108,228.70															
Affordable housing	5,803.62															
Basement (inclusive of 450 car parking lots)	26,073.32															
Ancillary	<u>34,757.79</u>															
Total:	<u>174,863.43</u>															

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Hu Song Gui Tu (2013) Chu Rang He Tong Bu Zi No. 61 dated 5 November 2013 entered into between the Planning and Land Administration Bureau of Songjiang District of Shanghai and Shanghai Kaidai Property Development Co., Ltd. (“Shanghai Kaidai”, a 50%-50% joint venture of the Company), the land use rights of the property were contracted to be granted to Shanghai Kaidai with the particulars as follows:

Site Area	:	113,399.7 sq.m.
Land Use	:	Residential
Land Term	:	70 years for residential use
Plot Ratio	:	≤1.02
Land Premium	:	RMB1,237,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di Hu Song Di (2013) EA31011720130367, permission towards the planning of the aforesaid land parcel with a site area of approximately 113,399.7 sq.m. has been granted to Shanghai Kaidai.
- Pursuant to a State-owned Land Use Rights Certificate — Hu Fang Di Song Zi (2013) Di No. 034676, the land use rights of a parcel of land with a site area of approximately 113,399.7 sq.m. have been granted to Shanghai Kaidai for a term of 70 years expiring on 17 October 2083 for residential use.
- Pursuant to 4 Construction Work Planning Permits issued by the Planning and Land Administration Bureau of Songjiang District of Shanghai in favour of Shanghai Kaidai, the construction works of French Legend have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Hu Song Jian (2014) FA31011720144813	50,924.75	23 June 2014
(2)	Hu Song Jian (2014) FA31011720144987	56,612.82	23 July 2014
(3)	Hu Song Jian (2014) FA31011720144983	42,836.08	23 July 2014
(4)	Hu Song Jian (2014) FA31011720144989	24,489.78	23 July 2014
Total:		<u>174,863.43</u>	

- Pursuant to a Construction Work Commencement Permit — No. 310117201403130819 issued by the Construction and Transportation Committee of Songjiang District of Shanghai in favour of Shanghai Kaidai, the commencement of the construction works of French Legend with a gross floor area of approximately 174,863.43sq.m. has been permitted.
- Pursuant to 3 Pre-sale Permits, Shanghai Kaidai is entitled to sell portion of French Legend with a total gross floor area of approximately 133,811.98 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Song Jiang Fang Guan (2014) Yu Zi No. 0000448	45,706.68	29 August 2014
(2)	Song Jiang Fang Guan (2014) Yu Zi No. 0000652	44,300.12	13 November 2014
(3)	Song Jiang Fang Guan (2014) Yu Zi No. 0000821	43,805.18	13 November 2014
Total:		<u>133,811.98</u>	

7. As advised by Shanghai Kaidai, portion of the property with a total gross floor area of 72,979.21 sq.m. has been pre-sold to various purchasers at a total consideration of RMB1,579,609,281. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,851,000,000.
9. Pursuant to a Mortgage Contract, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Hu Fang Di Song Zi (2013) Di No. 034676) and portion of the construction works erected thereon are subject to a mortgage in favour of Agricultural Bank of China Co., Ltd., Shanghai Baoshan Sub-Branch.
10. Pursuant to a Mortgage Contract, portion of the construction works of the property is subject to a mortgage in favour of Bank of China Co., Ltd., Shanghai Huangpu Sub-Branch.
11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Kaidai is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the term of the land use rights, Shanghai Kaidai is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgages;
 - b. Shanghai Kaidai has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;
 - c. For portions of the property which are in compliance with the condition of pre-sale, Shanghai Kaidai has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Shanghai Kaidai neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagees;
 - d. Shanghai Kaidai is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Group", a wholly-owned subsidiary of the Company) and Greenland Group and they have each contributed 50% of the registered capital with a total amount of RMB715,000,000. Rongxin Group and Greenland Group have made their capital contributions to Shanghai Kaidai and shall draw dividends in proportion to their actual capital contributions; and
 - e. Shanghai Kaidai has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

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

13. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of residential premises and car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of residential premises range from RMB15,000 to RMB43,000 per sq.m. In respect of car parking spaces, the prices range from RMB110,000 to RMB135,000 per lot. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB17,000 to RMB39,000 per sq.m. for the residential portion and RMB120,000 per lot for the car parking spaces portion. As advised by the Group, the affordable housing portion should be delivered to the relevant local governmental authority without compensation.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015																
				RMB																
33.	Shanghai Xujing Project located at the southern side of Guizeliu Road and the western side of Zhuguang Road Qingpu District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 184,292.8 sq.m. and an office, hotel and commercial development (known as Shanghai Xujing) which was being constructed thereon as at the valuation date. The property is located at the southern side of Guizeliu Road and the western side of Zhuguang Road in Songjiang District of Shanghai. The subject area of the property is close to the Metro line 2. The locality of the property is next to the National Convention and Exhibition Centre. The development of the property is planned to be completed in August 2018. Upon completion, the development will have a total planned gross floor area of approximately 800,696 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>311,028</td></tr><tr><td>Commercial</td><td>138,461</td></tr><tr><td>Hotel</td><td>101,279</td></tr><tr><td>Basement</td><td>238,546</td></tr><tr><td>(inclusive of 4,419 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>11,382</td></tr><tr><td>Total:</td><td><u>800,696</u></td></tr></table> The total construction cost is estimated to be approximately RMB7,825,000,000, of which approximately RMB849,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for terms of 50 years for office use and 40 years for hostel-catering and commercial uses.	Usage	Planned Gross Floor Area (sq.m.)	Office	311,028	Commercial	138,461	Hotel	101,279	Basement	238,546	(inclusive of 4,419 car parking spaces)		Ancillary	11,382	Total:	<u>800,696</u>	The property was under construction as at the valuation date.	6,758,000,000 (50% interest attributable to the Group: RMB3,379,000,000)
Usage	Planned Gross Floor Area (sq.m.)																			
Office	311,028																			
Commercial	138,461																			
Hotel	101,279																			
Basement	238,546																			
(inclusive of 4,419 car parking spaces)																				
Ancillary	11,382																			
Total:	<u>800,696</u>																			

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — Hu Qing Gui Tu (2013) Chu Rang He Tong Bu Zi No. 41 dated 9 October 2013 entered into between the Planning and Land Administration Bureau of Qingpu District of Shanghai City and Shanghai Kaitai Property Development Co., Ltd. (“Shanghai Kaitai”, a 50%-50% joint venture of the Company), the land use rights of a parcel of land were contracted to be granted to Shanghai Kaitai with the particulars as follows:

Site Area	:	184,292.8 sq.m.
Land Use	:	Hostel-catering, Commercial and Office
Land Term	:	50 years for office use and 40 years for hostel-catering and commercial uses
Plot Ratio	:	≤3
Land Premium	:	RMB4,721,000,000

- Pursuant to a Construction Land Planning Permit — Di Zi Di Hu Qing Di No. (2014) EA31011820144260, permission towards the planning of the aforesaid land parcel with a site area of approximately 184,292.8 sq.m. has been granted to Shanghai Kaitai.
- Pursuant to a State-owned Land Use Rights Certificate — Hu Fang Di Qing Zi (2014) Di No. 015836, the land use rights of the aforesaid land parcel with a site area of approximately 184,292.8 sq.m. have been granted to Shanghai Kaitai for terms of 50 years for office use and 40 years for hostel-catering use and commercial use.
- Pursuant to 16 Construction Work Planning Permits issued by the Planning and Land Administration Bureau of Qingpu District of Shanghai in favour of Shanghai Kaitai, the construction works of Phases I, II and III of Shanghai Xujing Project have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Jian Zi Di Hu Qing Jian (2014) FA31011820145418	36,350.00	29 September 2014
(2)	Jian Zi Di Hu Qing Jian (2014) FA31011820145429	67,290.49	29 September 2014
(3)	Jian Zi Di Hu Qing Jian (2014) FA31011820145432	42,922.66	29 September 2014
(4)	Jian Zi Di Hu Qing Jian (2014) FA31011820145433	38,943.00	29 September 2014
(5)	Jian Zi Di Hu Qing Jian (2014) FA31011820145756	37,964.50	20 December 2014
(6)	Jian Zi Di Hu Qing Jian (2014) FA31011820145757	13,433.68	20 December 2014
(7)	Jian Zi Di Hu Qing Jian (2014) FA31011820145758	41,690.31	20 December 2014
(8)	Jian Zi Di Hu Qing Jian (2014) FA31011820145759	62,597.81	20 December 2014
(9)	Jian Zi Di Hu Qing Jian (2015) FA31011820154210	60,792.55	10 February 2014
(10)	Jian Zi Di Hu Qing Jian (2015) FA31011820154211	51,711.92	10 February 2014
(11)	Jian Zi Di Hu Qing Jian (2014) FA31011820154212	38,427.52	10 February 2014
(12)	Jian Zi Di Hu Qing Jian (2015) FA31011820154922	47,797.53	26 June 2015
(13)	Jian Zi Di Hu Qing Jian (2015) FA31011820154924	49,028.88	26 June 2015
(14)	Jian Zi Di Hu Qing Jian (2015) FA31011820154898	60,030.26	26 June 2015
(15)	Jian Zi Di Hu Qing Jian (2015) FA31011820154894	38,258.81	26 June 2015
(16)	Jian Zi Di Hu Qing Jian (2015) FA31011820154895	113,456.07	26 June 2015
Total:		<u>800,695.99</u>	

5. Pursuant to a Construction Work Commencement Permit — No. 310118201404012001 issued by the Construction and Transportation Committee of Qingpu District of Shanghai in favour of Shanghai Kaitai, the construction works of Shanghai Xujing Project with a gross floor area of approximately 800,648.23 sq.m. have been approved.
6. Pursuant to 3 Pre-sale Permits, Shanghai Kaitai is entitled to sell portion of Shanghai Xujing Project with a total gross floor area of approximately 201,981.26 sq.m. to purchasers. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Qing Pu Fang Wu Guan Li (2015) Yu Zi No. 0000085	135,632.48	13 November 2014
(2)	Qing Pu Fang Wu Guan Li (2015) Yu Zi No. 0000186	9,460.44	5 May 2015
(3)	Qing Pu Fang Wu Guan Li (2015) Yu Zi No. 0000533	56,888.34	25 September 2015
Total:		<u>201,981.26</u>	

7. As advised by Shanghai Kaitai, portion of the property with a total gross floor area of 26,914.88 sq.m. have been pre-sold to various purchasers at a consideration of RMB972,617,297. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB18,623,000,000.
9. Pursuant to a Mortgage Contract, the land use rights of a parcel of land (under the State-owned Land Use Rights Certificate — Hu Fang Di Qing Zi (2014) Di No. 015836) and portion of the construction works erected thereon are subject to a mortgage in favour of China Construction Bank Corporation (Shanghai Minhong Sub-Branch) and Bank of Communications Co., Ltd. (Shanghai Changning Sub-Branch).
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Shanghai Kaitai is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Shanghai Kaitai is entitled to use the land parcel mentioned in note 3 according to the statutory land use. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - Shanghai Kaitai has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;

- c. For portion of the property which is in compliance with the condition of pre-sale, Shanghai Kaitai has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portions according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgage as mentioned above, Shanghai Kaitai neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagees;
- d. Shanghai Kaitai is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company) and Greenland Group and they have each contributed 50% of the registered capital with a total amount of RMB2,010,000,000. Rongxin Group and Greenland Group have made their capital contributions to Shanghai Kaitai and shall draw dividends in proportion to their actual capital contributions; and
- e. Shanghai Kaitai has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|---------|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | Portion |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of office and commercial premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of office premises range from RMB35,000 to RMB43,000 per sq.m. The prices of commercial premises range from RMB40,000 to RMB50,000 per sq.m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. In respect of hotel portion, the average daily room rates of four or five star hotel range from RMB600 to RMB1,200 per room. The daily room rates as well as the unit rates of sales prices assumed by us are consistent with that of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.
- In valuing the property as if completed, we have adopted the assumed unit rate of RMB37,000 per sq.m. for the commercial portion and RMB37,000 to RMB42,000 per sq.m. for the office portion.
- In valuing the hotel portion of the property as if completed, our adopted key assumptions are summarize as follows:
- | | | |
|----|--|---------------------|
| a. | Average daily room rate (“ADR”) | RMB780 for year 1 |
| b. | Annual growth in ADR | Stabilized at 4.0% |
| c. | Occupancy rate on available room basis | Stabilized at 75.0% |
| d. | Discount rate | 8.5% |
| e. | Capitalization rate | 5% |

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015										
				RMB										
34.	Shanghai Huacao Lot I located at the western side of Panyang Road, the northern side of Jile Road, the eastern side of Planning Road and the southern side of Beiqing Road Huacao Town Minhang District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 26,360.3 sq.m. and an office development (known as Shanghai Huacao Lot I) which was being constructed thereon as at the valuation date. The property is located at the western side of Panyang Road, the northern side of Minbei Road, the eastern side of Planning Road and the southern side of Guile Road in Minhang District of Shanghai. The subject area of the property is well-served by public transportation with 20 minutes’ driving distance to the Hongqiao Central Business Zone. The locality of the property is a newly-developed office area with good office and business environment. The development of the property is scheduled to be completed in July 2016. Upon completion, the development will have a total planned gross floor area of approximately 91,019.62 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>65,697.03</td></tr><tr><td>Ancillary</td><td>1,038.91</td></tr><tr><td>Basement</td><td>24,283.68</td></tr><tr><td>Total:</td><td>91,019.62</td></tr></table> The total construction cost is estimated to be approximately RMB515,000,000, of which approximately RMB38,000,000 had been paid as at the valuation date. The land use rights of the property have been granted for a term of 50 years expiring on 24 March 2064 for office use.	Usage	Planned Gross Floor Area (sq.m.)	Office	65,697.03	Ancillary	1,038.91	Basement	24,283.68	Total:	91,019.62	The property was under construction as at the valuation date.	481,000,000 (50% interest attributable to the Group: RMB240,500,000)
Usage	Planned Gross Floor Area (sq.m.)													
Office	65,697.03													
Ancillary	1,038.91													
Basement	24,283.68													
Total:	91,019.62													

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Min Gui Tu (2014) Chu Rang He Tong Bu Zi Di No. 25 dated 11 June 2014 entered into between the Planning and Land Administration Bureau of Minhang District Shanghai and Shanghai Kaiyu Property Development Co., Ltd. (“Shanghai Kaiyu”, a 50%-50% joint venture of the Company), the land use rights of the property were contracted to be granted to Shanghai Kaiyu with the particulars as follows:

Site Area	:	26,360.3 sq.m.
Land Use	:	Office
Land Term	:	50 years for office use
Plot Ratio	:	2.5
Land Premium	:	RMB406,300,000

2. Pursuant to a Construction Land Planning Permit — Hu Min Di (2014) EA31011220144696, permission towards the planning of the aforesaid land parcel with a site area of approximately 26,360 sq.m. has been granted to Shanghai Kaiyu.
3. Pursuant to the State-owned Land Use Rights Certificate, the land use rights of the property with a site area of approximately 26,360.3 sq.m. have been granted to Shanghai Kaiyu for a term of 50 years expiring on 24 March 2064 for office use.
4. Pursuant to 4 Construction Work Planning Permits issued by the Shanghai Planning and Land Management Bureau of Minhang District in favour of Shanghai Kaiyu, the construction works of Shanghai Huacao Lot I have been approved. The details are set out as follows:

No.	Permit No.	Gross Floor Area (sq.m.)	Issuance date
(1)	Hu Min Jian(2015) FA31011220154318	13,694.88	13 March 2015
(2)	Hu Min Jian(2015) FA31011220154308	40,273.20	6 March 2015
(3)	Hu Min Jian(2015) FA31011220154260	24,307.76	13 February 2015
(4)	Hu Min Jian(2015) FA31011220154323	13,778.13	13 March 2015
Total:		<u>92,053.97</u>	

5. Pursuant to a Construction Work Commencement Permit — No. 310112201407111201 issued by the Construction and Transportation Committee of Minhang District of Shanghai, the commencement of the construction works of Shanghai Huacao Lot I with a total gross floor area of approximately 92,053.97 sq.m. has been permitted.
6. Pursuant to a Pre-sale Permit, Shanghai Kaiyu is entitled to sell portion of Shanghai Huacao Lot I with a total gross floor area of approximately 39,212.93 sq.m. to purchasers.
7. As advised by Shanghai Kaiyu, portion of the property with a total gross floor area of 698.03 sq.m. has been pre-sold to various purchasers at a total consideration of RMB11,450,484. Such portion of the property has not been legally and virtually transferred and therefore we have included the portion in our valuation. In arriving at our opinion of the market value of the property, we have taken into account the contracted prices of such portion.
8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,384,000,000.

9. Pursuant to a Mortgage Contract, the land use rights and the construction works of the property is subject to a mortgage in favour of Agricultural Bank of China Co., Ltd., Shanghai Putuo Sub-Branch.
10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- Shanghai Kaiyu is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Shanghai Kaiyu is entitled to use the land parcel mentioned in note 3 according to their statutory uses. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage;
 - Shanghai Kaiyu has obtained all requisite approvals in respect of the development and construction of the property from the relevant government authorities. As advised by the Group, there is no evidence that the obtained permits/approvals/certificates of the construction works are revoked, abolished or repealed;
 - For portion of the property which is in compliance with the condition of pre-sale, Fuzhou Investment has obtained all requisite approvals of pre-sale from the relevant government authorities and has the rights to legally pre-sell such portion according to the obtained Pre-sale Permits. However, for the parts that are subject to mortgages as mentioned above, Fuzhou Investment neither can re-mortgage such parts in any means, nor lease, transfer or present such parts to any other third party without the consent of the mortgagee.
 - Shanghai Kaiyu is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Group", a wholly-owned subsidiary of the Company) and Greenland Group and they have each contributed 50% of the registered capital with a total amount of RMB5,000,000. Rongxin Group and Greenland Group have made their capital contributions to Shanghai Kaiyu and shall draw dividends in proportion to their actual capital contributions; and
 - Shanghai Kaiyu has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.
11. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | Yes |
| d. | Construction Work Commencement Permit | Yes |
| e. | Pre-sale Permit | No |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
12. In undertaking our valuation of the property as if completed, we have made reference to various recent sales prices of office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. The prices of office premises range from RMB18,000 to RMB22,000 per sq.m. The unit rates assumed by us are consistent with the sales prices of relevant comparables after due adjustment. Due adjustments to the unit rates of those sales prices have been made to reflect the differences including but not limited to building age, location, size and quality in arriving at the key assumption.

In valuing the property as if completed, we have adopted the assumed unit rate of RMB21,000 per sq.m. for the office portion.

VALUATION CERTIFICATE

Group V — Property interests held for future development by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB														
35.	3 parcels of land and portion of another parcel of land of The Twin Harbor City located at the southern side of the Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road of Binjiang District Taijiang City Fuzhou City Fujian Province The PRC	The property comprises 3 parcels of land and portion of another parcel of land with a total site area of 63,662 sq.m. which is planned to be developed into a composite development known as portion of The Twin Harbor City. The property is located at the southern side of Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road in Taijiang district of Fuzhou city. The subject area of the property is close to the city centre with adequate commercial facilities around and a good natural environment with sea view as well as developed education facilities. The development of the property is planned to be commenced in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 271,800.86 sq.m. (plot ratio accountable gross floor area of approximately 210,296.26 sq.m.) and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>85,383.09</td></tr><tr><td>Resettlement housing</td><td>130,013.50</td></tr><tr><td>Commercial</td><td>25,018.61</td></tr><tr><td>Office</td><td>4,860.00</td></tr><tr><td>Basement</td><td>26,525.66</td></tr><tr><td>Total:</td><td>271,800.86</td></tr></table> The land use rights of the property have been granted for terms of 70 years for residential use, 50 years for parkland, religious sites, heritage sites and car parking spaces uses and 40 years for commercial service use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	85,383.09	Resettlement housing	130,013.50	Commercial	25,018.61	Office	4,860.00	Basement	26,525.66	Total:	271,800.86	The property was under demolition as at the valuation date.	1,441,000,000 (100% interest attributable to the Group: RMB1,441,000,000)
Usage	Planned Gross Floor Area (sq.m.)																	
Residential	85,383.09																	
Resettlement housing	130,013.50																	
Commercial	25,018.61																	
Office	4,860.00																	
Basement	26,525.66																	
Total:	271,800.86																	

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 350100-2014-0110P004 dated 28 February 2014 entered into between the State-owned Land Resources Bureau of Fuzhou City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 17 April 2014 entered into among the State-owned Land Resources Bureau of Fuzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Fuzhou Rongxin Shuanghang Investment Development Co., Ltd. (“Fuzhou Shuanghang Investment”, a 30%-owned subsidiary of the Company), the land use rights of 16 parcels of land (including the land use rights of the property) were contracted to be granted to Fuzhou Shuanghang Investment at a total land premium of RMB5,620,000,000 with the particulars as follows:

Land parcel of Taiping Tingzhou (including land parcel Nos. 1 to 5, 9, 11, 12 and 15)

Site Area	:	154,515 sq.m.
Land Use	:	Residential, Parkland and Commercial service
Land Term	:	70 years for residential use, 50 years for parkland use and 40 years for commercial service use
Plot Ratio	:	≤5.0

Land parcel of Cangxia (including land parcel Nos. 1 to 7)

Site Area	:	105,004 sq.m.
Land Use	:	Residential, Parkland, Religious Sites, Heritage Sites, Parking Space and Commercial Service
Land Term	:	70 years for residential use; 50 years for parkland, religious sites, heritage sites and car parking spaces uses; 40 years for commercial use
Plot Ratio	:	≥1.0 and ≤1.46

2. Pursuant to a Construction Land Planning Permit — Di Zi Di 350101201400100, permission towards the planning of the aforesaid land parcels with a site area of approximately 259,518 sq.m. has been granted to Fuzhou Shuanghang Investment.
3. Pursuant to 4 State-owned Land Use Rights Certificates, the land use rights of 4 parcels of land of The Twin Harbor City (including the land use rights of the property) with a site area of approximately 80,314 sq.m. have been granted to Fuzhou Shuanghang Investment. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Rong Guo (2014) Di No. 32635701234	4,138	12 December 2084 12 December 2054 12 December 2064	Residential Commercial Commercial Service
(2)	Rong Guo (2014) Di No. 32635601235	12,447	12 December 2084 12 December 2054 12 December 2064	Residential Commercial Commercial Service
(3)	Rong Guo (2014) Di No. 32335301232	29,960	12 December 2084 12 December 2054	Residential Commercial
(4)	Rong Guo (2014) Di No. 32235201231	33,769	12 December 2084 12 December 2054	Residential Commercial
Total:		<u>80,314</u>		

4. Pursuant to a Mortgage Contract of Maximum Amount, the land use rights of 4 parcels of land (under the State-owned Land Use Rights Certificates — Rong Guo (2014) Di Nos. 32335201230, 32335301232, 32635701234 and 32635601235) are subject to a mortgage in favour of Ping An Bank Co., Ltd., Fuzhou Branch.
5. As confirmed by the Company, the Company holds 100% interest in Fuzhou Shuanghang Investment as at the valuation date.
6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Fuzhou Shuanghang Investment is legally and validly in possession of the land use rights of the land parcels mentioned in note 3 by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Fuzhou Shuanghang Investment is entitled to use the land parcels mentioned in note 3 according to the statutory land use; and
 - b. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights except for being subject to the aforesaid mortgage.
7. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	N/A
d.	Construction Work Commencement Permit	N/A
e.	Pre-sale Permit	N/A
f.	Construction Work Completion and Inspection Certificate/Table	N/A
8. In undertaking our valuation of the property for reference purpose, we have made reference to recent transaction prices of lands within surrounding district. These comparable properties are selected as they have characteristics comparable to the property. The accommodation value of land comparables range from RMB5,000 to RMB6,900 per sq.m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those transactions have been made to reflect the differences including but not limited to transaction time, location, size and shape of land in arriving at the assumed accommodation value of RMB6,850 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015										
				RMB										
36.	A parcel of land of The Long Island located at the southern side of Binjiang Road Changle County Fuzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 44,004 sq.m. which is planned to be developed into an office development known as portion of The Long Island. The property is located at the southern side of Bingjiang Road in Changle County of Fuzhou City. The subject area of the property is a developing district with some commercial facilities around and a good natural environment as well as developing education facilities. As advised by the Group, the development of the property is planned to be commenced in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 36,020.91 sq.m. (plot ratio accountable gross floor area of approximately 17,601.60 sq.m.) and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>17,317.10</td></tr><tr><td>Basement (inclusive of 125 car parking spaces)</td><td>14,515.43</td></tr><tr><td>Ancillary</td><td>4,188.38</td></tr><tr><td>Total:</td><td><u>36,020.91</u></td></tr></table> The land use rights of the property have been granted for terms of 50 years expiring on 9 June 2065 for commercial service use and 40 years expiring on 9 June 2055 for commercial use.	Usage	Planned Gross Floor Area (sq.m.)	Office	17,317.10	Basement (inclusive of 125 car parking spaces)	14,515.43	Ancillary	4,188.38	Total:	<u>36,020.91</u>	The property was vacant as at the valuation date.	45,000,000 (100% interest attributable to the Group: RMB45,000,000)
Usage	Planned Gross Floor Area (sq.m.)													
Office	17,317.10													
Basement (inclusive of 125 car parking spaces)	14,515.43													
Ancillary	4,188.38													
Total:	<u>36,020.91</u>													

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 35018220140516G011 dated 26 May 2014 entered into between the State-owned Land Resources Bureau of Changle City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 23 July 2014 entered into among the State-owned Land Resources Bureau of Changle City, Rongxin (Fujian) Investment Group Co., Ltd. and Changle Rongxin Investment Co., Ltd. (“Changle Investment”, a 30%-owned subsidiary of the Company), the land use rights of 5 parcels of land (including the land use rights of the property) were contracted to be granted to Changle Investment with the particulars as follows:

Site Area	:	185,196 sq.m.
Land Use	:	Residential, Commercial and Office
Land Term	:	70 years for residential use, 40 years for commercial use and 50 years for office use
Plot Ratio	:	≥1.1 and ≤3.5
Land Premium	:	RMB1,300,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350182201400079, permission towards the planning of the aforesaid land parcel with a site area of approximately 185,196 sq.m. has been granted to Changle Investment.
3. Pursuant to a State-owned Land Use Rights Certificate — Min Hang Guo Yong (2015) Di No. 00283, the land use rights of the property with a site area of approximately 44,004 sq.m. have been granted to Changle Investment for terms of 50 years expiring on 9 June 2065 for commercial service use and 40 years expiring on 9 June 2055 for commercial use.
4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 350182201500052 issued by the Urban and Rural Planning Bureau of Fuzhou City in favour of Fuzhou Shuanghang Investment, the construction works of portion of The Long Island (including the property) have been approved.
5. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of Bank of Jiangsu Co., Ltd., Beijing Shijingshan Sub-Branch.
6. As confirmed by the Company, the Company holds 100% interest in Changle Investment as of the valuation date.
7. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Changle Investment is legally and validly in possession of the land use rights of the land parcel mentioned in note 3 by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Changle Investment is entitled to use the land parcel mentioned in note 3 according to the statutory land use; and
 - b. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party’s rights except for being subject to the aforesaid mortgage.

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

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

9. In undertaking our valuation of the property for reference purpose, we have made reference to recent transaction prices of lands within the same district. These comparable properties are selected as they have characteristics comparable to the property. The accommodation value of land comparables range from RMB1,800 to RMB3,300 per sq.m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those transactions have been made to reflect the differences including but not limited to transaction time, location, size and shape of land in arriving at the assumed accommodation value of RMB2,550 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB
37.	A parcel of land of Ocean City located at the eastern side of Haicang Avenue Haicang District Xiamen City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 4,488.2 sq.m. which is planned to be developed into a yacht dock, an ancillary facility of Ocean City as advised the Group. The property is located at the southern side of Haicang Bridge and the eastern side of Haicang Avenue in Haicang District of Xiamen City. It is close to Haicang Bridge which connects Haicang District and Xiamen Island, providing a convenient access to the city centre. The surrounding environment of the property is a newly-developed residential area with several residential developments such as Haisheng Victoria, Zhongjun Lanwan Peninsula and Lvyuan New Town. The project also has a reasonable proximity to Xian Yue Mountain, Xiamen Haicang Wild Animal Park and Gulang Islet. As advised by the Group, the development of the property is planned to be completed in October 2016. Upon completion, the development will have a total planned gross floor area of approximately 1,000 sq.m. The land use rights of the property have been granted for a term of 40 years expiring on 16 October 2052 for hotel use.	The property was vacant as at the valuation date.	2,400,000 (100% interest attributable to the Group: RMB2,400,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 35020520121017CG077 dated 17 October 2012 entered into between the State-owned Land Resources and Building Administration Bureau of Xiamen City, Haicang Branch and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 9 November 2012 entered into among the State-owned Land Resources and Building Administration Bureau of Xiamen City, Haicang Branch, Rongxin (Fujian) Investment Group Co., Ltd. and Rongxin (Xiamen) Property Development Co., Ltd. (“Xiamen Property”, a 51%-owned subsidiary of the Company), the land use rights of 3 parcels of land (including the land use rights of the property) were contracted to be granted to Xiamen Property with the particulars as follows:

Site Area	:	151,344.199 sq.m.
Land Use	:	Office, Hotel and Commercial service
Land Term	:	50 years for office use and 40 years for hotel and commercial service uses
Plot Ratio	:	N/A
Land Premium	:	RMB871,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350205201210060, permission towards the planning of the aforesaid land parcel with a total site area of approximately 151,344.198 sq.m. (including the property) has been granted to Xiamen Property.
3. Pursuant to a State-owned Land Use Rights Certificate — Xia Guo Tu Fang Zheng Di No. Di 00020208 dated 16 October 2052, the land use rights of the property with a site area of approximately 4,488.20 sq.m. have been granted to Xiamen Property for a term of 40 years expiring on 16 October 2052 for hotel use.
4. Pursuant to a Mortgage Contract, the land use rights of the property are subject to a mortgage in favour of Industrial Bank Co., Ltd., Xiamen Sub-Branch.
5. As confirmed by the Company, the Company holds 100% interest in Xiamen Property as at the valuation date.
6. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Xiamen Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the term of the land use rights, Xiamen Property is entitled to use the land parcel mentioned in note 3 according to the statutory land use; and
 - b. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party’s rights except for being subject to the aforesaid mortgage;

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

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

8. In undertaking our valuation of the property, we have made reference to recent transaction prices of lands within the same district. These comparable properties are selected as they have characteristics comparable to the property. The accommodation value of land comparables range from RMB2,200 to RMB2,500 per sq.m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those transactions have been made to reflect the differences including but not limited to transaction time, location, size and shape of land in arriving at the assumed accommodation value of RMB2,440 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB
38.	A parcel of land of Imperial Land located at the eastern side of Longteng South Road and the northern side of planned Jianyuan North Road Longwen District Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 415.41 sq.m. which is planned to be developed into portion of a residential development of Imperial Land. The property is located at the eastern side of South Longteng Road and the northern side of planned North Jianyuan Road in Longwen District of Zhangzhou City. The subject area of the property is well-served by convenient public transportation with 10 minutes' driving distance to the city centre. The locality of the property is a newly-developed residential area with a good natural environment and public facilities with reasonable proximity to Jiaoye Park, Jingshan Park and Zhangzhou Second Hospital. As advised by the Group, the development of the property is planned to be completed in April 2017. Upon completion, the development will have a total planned gross floor area of approximately 1,038.53 sq.m. The land use rights of the property have been granted for terms of 40 years expiring on 11 April 2054 for commercial use and 70 years expiring on 11 April 2084 for residential use.	The property was vacant as at the valuation date.	3,000,000 (50% interest attributable to the Group: RMB1,500,000)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract — 35060020130913G005 dated 11 October 2013 entered into between the State-owned Land and Resources Bureau of Zhangzhou City and Xiamen Hai Tou Property Co., Ltd. and a Supplemental Alteration Agreement of State-owned Land Use Rights Grant Contract dated 27 February 2014 entered into among the State-owned Land and Resources Bureau of Zhangzhou City, Xiamen Hai Tou Property Co., Ltd. and Hairong (Zhangzhou) Property Co., Ltd. ("Hairong Zhangzhou Property", a 50%-50% joint venture of the Company), the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Hairong Zhangzhou Property with the particulars as follows:

Site Area	:	94,291.42 sq.m.
Land Use	:	Commercial and Residential
Land Term	:	40 years for commercial use and 70 years for residential use
Plot Ratio	:	≤2.5
Land Premium	:	RMB520,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 3506002014R0009, permission towards the planning of the aforesaid land parcels with a total site area of approximately 94,291.42 sq.m. has been granted to Hairong Zhangzhou Property.
3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels with a total site area of approximately 94,291.42 sq.m. (including the land use rights of the property) have been granted to Hairong Zhangzhou Property. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Zhang Long Guo Yong (2014) Di No. 1206	24,970.03	11 April 2084 11 April 2054	Residential Commercial
(2)	Zhang Long Guo Yong (2014) Di No. 1207	69,321.39	11 April 2084 11 April 2054	Residential Commercial
Total:		<u>94,291.42</u>		

4. Pursuant to a Construction Work Planning Permit — No. 3506002014G00503 issued by the Urban and Rural Planning Bureau of Zhangzhou City in favour of Hairong Zhangzhou Property, the construction works of Imperial Land (including the property) with a gross floor area of approximately 82,162.38 sq.m. have been approved.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
 - a. Hairong Zhangzhou Property is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Hairong Zhangzhou Property is entitled to use the land parcels mentioned in note 3 according to their statutory uses;
 - b. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights;
 - c. Hairong Zhangzhou Property is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Group", a wholly-owned subsidiary of the Company) and Xiamen Haitou Property Co., Ltd. ("Xiamen Haitou") and they have each contributed 50% of the registered capital with a total amount of RMB60,000,000. Rongxin Group and Xiamen Haitou have made their capital contributions to Hairong Zhangzhou Property and shall draw dividends in proportion to their actual capital contributions; and
 - d. Hairong Zhangzhou Property has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Land Planning Permit	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	No
f.	Construction Work Completion and Inspection Certificate/Table	N/A

7. In undertaking our valuation of the property for reference purpose, we have made reference to recent transaction prices of lands within the same district. These comparable properties are selected as they have characteristics comparable to the property. The accommodation value of land comparables range from RMB2,500 to RMB2,800 per sq.m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those transactions have been made to reflect the differences including but not limited to transaction time, location, size and shape of land in arriving at the assumed accommodation value of RMB2,880 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015														
				RMB														
39.	A parcel of land and portion of another parcel of land of Zhangzhou Wanke City located at the eastern side of Jinfeng South Road, the southern side of Ruijing Road and the northern side of Jiangbin Road Xiangcheng District Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land and portion of another parcel of land with a total site area of approximately 92,443.88 sq.m. which is planned to be developed into a composite development of Zhangzhou Wanke City as advised by the Group. The property is located at the eastern side of Jinfeng South Road, the southern side of Ruijing Road and the northern side of Jiangbin Road in Xiangcheng District of Zhangzhou City. The subject area of the property is well-served by public transportation with 10 minutes' driving distance to the city centre, 25 minutes' driving distance to Zhangzhou Railway Station and close to Zhangzhou West Coach Terminal. The locality of the property is a newly-developed residential area with a good natural environment and reasonable proximity to Sanxiang River and Zhishan Park. As advised by the Group, the development of the property is planned to be commenced in January 2015. Upon completion, the development will have a total planned gross floor area of approximately 395,315.13 sq.m. (plot ratio accountable gross floor area of approximately 326,073.87 sq.m.) and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>206,144.43</td></tr><tr><td>Resettlement housing</td><td>82,093.08</td></tr><tr><td>Commercial</td><td>4,845.62</td></tr><tr><td>Resettlement retail</td><td>5,537.00</td></tr><tr><td>Basement</td><td>96,695.00</td></tr><tr><td>Total:</td><td>395,315.13</td></tr></table> The land use rights of the property have been granted for terms of 40 years expiring on 13 November 2053 for commercial service use and 70 years expiring on 13 November 2083 for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	206,144.43	Resettlement housing	82,093.08	Commercial	4,845.62	Resettlement retail	5,537.00	Basement	96,695.00	Total:	395,315.13	The property was vacant as at the valuation date.	721,000,000 (20% interest attributable to the Group: RMB144,200,000)
Usage	Planned Gross Floor Area (sq.m.)																	
Residential	206,144.43																	
Resettlement housing	82,093.08																	
Commercial	4,845.62																	
Resettlement retail	5,537.00																	
Basement	96,695.00																	
Total:	395,315.13																	

Notes:

1. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts — No. 35060020130913G001 and 35060020130913G003 dated 7 August 2013 and 11 October 2013 entered into between the State-owned Land Resources Bureau of Zhangzhou City and Shenzhen Vanke Real Estate Co., Ltd. and 2 Supplemental Agreements of the aforesaid State-owned Construction Land Use Rights Grant Contracts both dated 20 January 2014 entered into among the State-owned Land Resources Bureau of Zhangzhou City, Shenzhen Vanke Real Estate Co., Ltd. and Zhangzhou Wankebinjiang Property Co., Ltd. (“Zhangzhou Wanke”, 10.2% interest held by the Company), the land use rights of 3 parcels of land (including the land use rights of the property) were contracted to be granted to Zhangzhou Wanke with the particulars as follows:

Land parcel No. 2013G01

Site Area	:	72,182.17 sq.m.
Land Use	:	Commercial service and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≥1.0 and ≤3.5
Land Premium	:	RMB634,000,000

Land parcel No. 2013G03

Site Area	:	36,064.18 sq.m. (25,202.80 sq.m. for land parcel A and 10,861.38 sq.m. for land parcel B)
Land Use	:	Commercial service and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≥1.0 and ≤3.6 for land parcel A ≥1.0 and ≤5.0 for land parcel B
Land Premium	:	RMB182,000,000

2. Pursuant to 2 Construction Land Planning Permits, permission towards the planning of the aforesaid land parcels has been granted to Zhangzhou Wanke. The details are set out as follows:

No.	Permit No.	Site Area (sq.m.)	Issuance date
(1)	Di Zi Di No. 3506002014R0001	72,182.17	23 January 2014
(2)	Di Zi Di No. 3506002014R0005	25,202.80	23 January 2014
Total:		97,384.97	

3. Pursuant to 2 State-owned Land Use Rights Certificates, the land use rights of the aforesaid land parcels with a total site area of approximately 97,384.97 sq.m. have been granted to Zhangzhou Wanke. The details are set out as follows:

No.	Certificate No.	Site Area (sq.m.)	Expiry Date	Usage
(1)	Zhang Guo Yong (2014) Di No. 157203	72,182.17	13 November 2053 13 November 2083	Commercial service Residential
(2)	Zhang Guo Yong (2015) Di No. 166774	25,202.80	13 November 2053 13 November 2083	Commercial service Residential
Total:		97,384.97		

4. As confirmed by the Company, the Company holds 20% interest in Zhangzhou Wanke as at the valuation date.
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Zhangzhou Wanke is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Zhangzhou Wanke is entitled to use the land parcels mentioned in note 3 according to the statutory land use; and
 - b. As advised by the Group, the land parcels mentioned in note 3 are free from any restrictions arising from any sequestration, mortgages or other third party's rights.
6. A summary of major certificates/approvals is shown as follows:
- | | | |
|----|---|-----|
| a. | State-owned Land Use Rights Certificate | Yes |
| b. | Construction Land Planning Permit | Yes |
| c. | Construction Work Planning Permit | N/A |
| d. | Construction Work Commencement Permit | N/A |
| e. | Pre-sale Permit | N/A |
| f. | Construction Work Completion and Inspection Certificate/Table | N/A |
7. In undertaking our valuation of the property, we have made reference to recent transaction prices of lands within the same district. These comparable properties are selected as they have characteristics comparable to the property. The accommodation value of land comparables range from RMB2,300 to RMB2,600 per sq.m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those transactions have been made to reflect the differences including but not limited to transaction time, location, size and shape of land in arriving at the assumed accommodation value of RMB2,210 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB										
40.	A parcel of land known as Shanghai Huacao Lot II located at the western side of Panyang Road, the northern side of Minbei Road, the eastern side of Planning Road and the southern side of Guile Road Huacao Town Minhang District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 13,455.9 sq.m. which is planned to be developed into an office development. The property is located at the western side of Panyang Road, the northern side of Minbei Road, the eastern side of Planning Road and the southern side of Guile Road in Minhang District of Shanghai. The subject area of the property is well-served by public transportation with 20 minutes’ driving distance to the Hongqiao Central Business Zone. The locality of the property is a newly-developed office area with good office and business environment. As advised by the Group, the development of the property is planned to be commenced in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 48,226.59 sq.m. (plot ratio accountable gross floor area of approximately 33,639.75 sq.m.) and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>33,638.74</td></tr><tr><td>Ancillary</td><td>613.08</td></tr><tr><td>Basement</td><td>13,974.77</td></tr><tr><td>Total:</td><td>48,226.59</td></tr></table> The land use rights of the property have been granted for a term of 50 years expiring on 23 March 2064 for office use.	Usage	Planned Gross Floor Area (sq.m.)	Office	33,638.74	Ancillary	613.08	Basement	13,974.77	Total:	48,226.59	The property was vacant as at the valuation date.	217,000,000 (50% interest attributable to the Group: RMB108,500,000)
Usage	Planned Gross Floor Area (sq.m.)													
Office	33,638.74													
Ancillary	613.08													
Basement	13,974.77													
Total:	48,226.59													

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Min Gui Tu (2014) Chu Rang He Tong Bu Zi No. 26 dated 11 June 2014 entered into between the Planning and Land Administration Bureau of Minhang District of Shanghai and Shanghai Kairi Property Development Co., Ltd. (“Shanghai Kairi”, a 50%-50% joint venture of the Company), the land use rights of the property were contracted to be granted to Shanghai Kairi with the particulars as follows:

Site Area	:	13,455.9 sq.m.
Land Use	:	Office
Land Term	:	50 years for office use
Plot Ratio	:	2.5
Land Premium	:	RMB202,200,000

2. Pursuant to a Construction Land Planning Permit — Hu Min Di (2014) EA31011220145195, permission towards the planning of the aforesaid land parcel with a site area of approximately 13,456 sq.m. has been granted to Shanghai Kairi.
3. Pursuant to a State-owned Land Use Rights Certificate — Hu Fang Di Min Zi (2015) No. 005610, the land use rights of the property with a total site area of approximately 13,456 sq.m. have been granted to Shanghai Kairi for a term of 50 years expiring on 23 March 2064 for office use.
4. Pursuant to a Construction Work Planning Permit — Hu Min Jian(2015) FA31011220154475 issued by Shanghai Planning and Land Management Bureau of Minhang District in favour of Shanghai Kairi, the construction works of portion of the property with a gross floor area of approximately 34,334.5 sq.m. have been approved.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Kairi is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the terms of the land use rights, Shanghai Kairi is entitled to use the land parcel mentioned in note 3 according to their statutory uses;
 - b. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party’s rights;
 - c. Shanghai Kairi is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company) and Greenland Group and they have each contributed 50% of the registered capital with a total amount of RMB5,000,000. Rongxin Group and Greenland Group have made their capital contributions to Shanghai Kairi and shall draw dividends in proportion to their actual capital contributions; and
 - d. Shanghai Kairi has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

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

7. In undertaking our valuation of the property for reference purpose, we have made reference to recent transaction prices of lands within surrounding district. These comparable properties are selected as they have characteristics comparable to the property. The accommodation value of land comparables range from RMB6,000 to RMB6,800 per sq.m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those transactions have been made to reflect the differences including but not limited to transaction time, location, size and shape of land in arriving at the assumed accommodation value of RMB6,450 per sq.m.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015										
				RMB										
41.	Shanghai Huacao Lot III located at the western side of Panyang Road, the northern side of Guile Road, the eastern side of Planning Road and the southern side of Jile Road Huacao Town Minhang District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 10,994.9 sq.m. which is planned to be developed into an office development. The property is located at the western side of Panyang Road, the northern side of Minbei Road, the eastern side of Planning Road and the southern side of Guile Road in Minhang District of Shanghai. The subject area of the property is well-served by public transportation with 20 minutes’ driving distance to the Hongqiao Central Business Zone. The locality of the property is a newly-developed office area with good office and business environment. As advised by the Group, the development of the property is planned to be commenced in February 2016. Upon completion, the development will have a total planned gross floor area of approximately 37,572.89 sq.m. (plot ratio accountable gross floor area of approximately 27,487.25 sq.m.) and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Office</td><td>27,057.41</td></tr><tr><td>Ancillary</td><td>807.03</td></tr><tr><td>Basement</td><td>9,708.45</td></tr><tr><td>Total:</td><td><u>37,572.89</u></td></tr></table> The land use rights of the property have been granted for a term of 50 years expiring on 25 March 2064 for office use.	Usage	Planned Gross Floor Area (sq.m.)	Office	27,057.41	Ancillary	807.03	Basement	9,708.45	Total:	<u>37,572.89</u>	The property was vacant as at the valuation date.	177,000,000 (25% interest attributable to the Group: RMB44,250,000)
Usage	Planned Gross Floor Area (sq.m.)													
Office	27,057.41													
Ancillary	807.03													
Basement	9,708.45													
Total:	<u>37,572.89</u>													

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Min Gui Tu (2014) Chu Rang He Tong Bu Zi Di No. 3 dated 15 January 2014 entered into between the Planning and Land Administration Bureau of Minhang District of Shanghai and Shanghai Kaichong Property Development Co., Ltd. (“Shanghai Kaichong”, a 25%-owned joint venture of the Company), the land use rights of the property were contracted to be granted to Shanghai Kaichong with the particulars as follows:

Site Area	:	10,994.9 sq.m.
Land Use	:	Office
Land Term	:	50 years for office use
Plot Ratio	:	2.5
Land Premium	:	RMB167,700,000
2. Pursuant to a Construction Land Planning Permit — Di Zi Di Hu Min Di (2014) EA31011220145193, permission towards the planning of the aforesaid land parcel with a site area of approximately 10,995 sq.m. has been granted to Shanghai Kaichong.
3. Pursuant to a State-owned Land Use Rights Certificate — Hu Fang Di Min Zi (2014) Di No. 049293, the land use rights of the property with a site area of approximately 10,994.9 sq.m. have been granted to Shanghai Kaichong for a term of 50 years expiring on 25 March 2064 for office use.
4. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Kaichong is legally and validly in possession of the land use rights of the property by means of grant and is the legal user of the land use rights of the property. During the term of the land use rights, Shanghai Kaichong is entitled to use the land parcel mentioned in note 3 according to the statutory land use;
 - b. As advised by the Group, the land parcel mentioned in note 3 is free from any restrictions arising from any sequestration, mortgages or other third party’s rights;
 - c. Shanghai Kaichong is a joint venture among Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company), Greenland Group and Shanghai Mingbang Investment Development Co., Ltd. Rongxin Group and Greenland Group have each contributed 25% of the registered capital. Rongxin Group, Greenland Group and Shanghai Mingbang Investment Development Co., Ltd. have made their capital contributions to Shanghai Kaichong and shall draw dividends in proportion to their actual capital contributions; and
 - d. Shanghai Kaichong has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

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

6. In undertaking our valuation of the property for reference purpose, we have made reference to recent transaction prices of lands within surrounding district. These comparable properties are selected as they have characteristics comparable to the property. The accommodation value of land comparables range from RMB6,000 to RMB6,800 per sq.m. The unit rates assumed by us are consistent with the relevant comparables after due adjustment. Due adjustments to the unit rates of those transactions have been made to reflect the differences including but not limited to transaction time, location, size and shape of land in arriving at the assumed accommodation value of RMB6,450 per sq.m.

VALUATION CERTIFICATE

Group VI — Property interests contracted to be acquired by the Group in the PRC

			Market value in existing state as at 31 October 2015												
No.	Property	Description and tenure	Particulars of occupancy												
RMB															
42.	11 parcels of land of The Twin Harbor City located at the southern side of the Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road Taijiang District Fuzhou City Fujian Province The PRC	The property comprises 11 parcels of land with a total site area of approximately 160,618 sq.m. which is planned to be developed into a composite development known as portion of The Twin Harbor City. The property is located at the southern side of Gongye Road, the eastern side of Baima South Road and the northern side of Binjiang Road in Taijiang district of Fuzhou city. The subject area of the property is close to the city centre with adequate commercial facilities around and a good natural environment with sea view as well as developed education facilities. The development of the property is planned to be commenced in March 2016. Upon completion, the development will have a total planned gross floor area of approximately 516,343.90 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>31,851.00</td></tr><tr><td>Resettlement housing</td><td>346,516.50</td></tr><tr><td>Commercial</td><td>79,211.40</td></tr><tr><td>Basement</td><td>58,765.00</td></tr><tr><td>Total:</td><td>516,343.90</td></tr></table> The land use rights of the property have been granted for terms of 70 years for residential use, 50 years for parkland, religious sites, heritage sites and car parking spaces uses and 40 years for commercial service use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	31,851.00	Resettlement housing	346,516.50	Commercial	79,211.40	Basement	58,765.00	Total:	516,343.90	Existing buildings of the property were under demolition as at the valuation date.
Usage	Planned Gross Floor Area (sq.m.)														
Residential	31,851.00														
Resettlement housing	346,516.50														
Commercial	79,211.40														
Basement	58,765.00														
Total:	516,343.90														
			No commercial value												

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 350100-2014-0110P004 dated 28 February 2014 entered into between the State-owned Land Resources Bureau of Fuzhou City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 17 April 2014 entered into among the State-owned Land Resources Bureau of Fuzhou City, Rongxin (Fujian) Investment Group Co., Ltd. and Fuzhou Rongxin Shuanghang Investment Development Co., Ltd. (“Fuzhou Shuanghang Investment”, a 30%-owned subsidiary of the Company), the land use rights of 16 parcels of land (including the land use rights of the property) were contracted to be granted to Fuzhou Rongxin Shuanghang Investment at a total land premium of RMB5,620,000,000 with the particulars as follows:

Land parcel of Taiping Tingzhou (including land parcel Nos. 1 to 5, 9, 11, 12 and 15)

Site Area	:	154,515 sq.m.
Land Use	:	Residential, Parkland and Commercial service
Land Term	:	70 years for residential use, 50 years for parkland use and 40 years for commercial service use
Plot Ratio	:	≤5.0

Land parcel of Cangxia (including land parcel Nos. 1 to 7)

Site Area	:	105,004 sq.m.
Land Use	:	Residential, Parkland, Religious Sites, Heritage Sites, Parking Space and Commercial Service
Land Term	:	70 years for residential use; 50 years for parkland, religious sites, heritage sites and car parking spaces uses; 40 years for commercial use
Plot Ratio	:	≥1.0 and ≤1.46

2. Pursuant to a Construction Land Planning Permit — Di Zi Di 350101201400100, permission towards the planning of the aforesaid land parcels with a total site area of approximately 259,518 sq.m. has been granted to Fuzhou Shuanghang Investment.
3. As at the valuation date, the property was not assigned to Fuzhou Shuanghang Investment and thus the title of the property was not vested in Fuzhou Shuanghang Investment. Besides, the relevant land use rights certificate has not been obtained. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB2,801,000,000, assuming the relevant title certificates of the property have been fully obtained by Fuzhou Shuanghang Investment and the property could be freely transferred.
4. As confirmed by the Company, the Company holds 100% interest in Fuzhou Shuanghang Investment as at the valuation date.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Fuzhou Shuanghang Investment has paid portion of the land premium and has rights to apply for the State-owned Land Use Rights Certificates after paying off the remaining land premium and the related taxes and fees.

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

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Construction Land Planning Permit	N/A
d.	Construction Work Planning Permit	N/A
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015 RMB																		
43.	3 parcels of land of The Long Island located at the southern side of Binjiang Road Changle County Fuzhou City Fujian Province The PRC	The property comprises 3 parcels of land with a total site area of approximately 99,935 sq.m. which is planned to be developed into portion of a residential, commercial and office development known as The Long Island. The property is located at the southern side of Bingjiang Road in Changle County of Fuzhou City. The subject area of the property is in a developing district with some commercial facilities around and a good natural environment as well as developing education facilities. As advised by the Group, the development of the property is planned to be commenced in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 465,091.79 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Residential</td><td>152,285.27</td></tr><tr><td>Resettlement housing</td><td>190,000.0</td></tr><tr><td>Commercial</td><td>3,889.69</td></tr><tr><td>Resettlement retail</td><td>17,000.0</td></tr><tr><td>Basement</td><td>77,292.70</td></tr><tr><td>(inclusive of 1,965 car parking spaces)</td><td></td></tr><tr><td>Ancillary</td><td>24,624.13</td></tr><tr><td>Total:</td><td><u>465,091.79</u></td></tr></table> The land use rights of the property have been granted for terms of 70 years for residential use, 40 years for commercial use and 50 years for office use.	Usage	Planned Gross Floor Area (sq.m.)	Residential	152,285.27	Resettlement housing	190,000.0	Commercial	3,889.69	Resettlement retail	17,000.0	Basement	77,292.70	(inclusive of 1,965 car parking spaces)		Ancillary	24,624.13	Total:	<u>465,091.79</u>	Existing buildings of the property were under demolition as at the valuation date.	No commercial value
Usage	Planned Gross Floor Area (sq.m.)																					
Residential	152,285.27																					
Resettlement housing	190,000.0																					
Commercial	3,889.69																					
Resettlement retail	17,000.0																					
Basement	77,292.70																					
(inclusive of 1,965 car parking spaces)																						
Ancillary	24,624.13																					
Total:	<u>465,091.79</u>																					

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — No. 35018220140516G011 dated 26 May 2014 entered into between the State-owned Land Resources Bureau of Changle City and Rongxin (Fujian) Investment Group Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Land Use Rights Grant Contract dated 23 July 2014 entered into among the State-owned Land Resources Bureau of Changle City, Rongxin (Fujian) Investment Group Co., Ltd. and Changle Rongxin Investment Co., Ltd. (“Changle Investment”, a 30%-owned subsidiary of the Company), the land use rights of 5 parcels of land (including the land use rights of the property) were contracted to be granted to Changle Investment with the particulars as follows:

Site Area	:	185,196 sq.m.
Land Use	:	Residential, Commercial and Office
Land Term	:	70 years for residential use, 40 years for commercial use and 50 years for office use
Plot Ratio	:	≥1.1 and ≤3.5
Land Premium	:	RMB1,300,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 350182201400079, permission towards the planning of the aforesaid land parcel (including the property) with a site area of approximately 185,196 sq.m. has been granted to Changle Investment.
3. As at the valuation date, the property was not assigned to Changle Investment and thus the title of the property was not vested in Changle Investment. Besides, the relevant land use rights certificate has not been obtained. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB946,000,000, assuming the relevant title certificates of the property have been fully obtained by Changle Investment and the property could be freely transferred.
4. As confirmed by the Company, the Company holds 100% interest in Fuzhou Changle Investment as at the valuation date.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Changle Investment has paid portion of the land premium and has rights to apply for the State-owned Land Use Rights Certificates after paying off the remaining land premium and the related taxes and fees.
6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	N/A
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015										
				RMB										
44.	A parcel of land of Zhangzhou Wanke City located at the western side of Zhishan South Road and the southern side of Shengli West Road Xiangcheng District Zhangzhou City Fujian Province The PRC	The property comprises a parcel of land with a site area of approximately 42,405.8 sq.m. which is planned to be developed into a residential and commercial development. The property is located at the western side of Zhishan South Road and the southern side of Shengli West Road in Xiangcheng District of Zhangzhou City. The subject area of the property is well-served by public transportation with 10 minutes' driving distance to the city centre, 25 minutes' driving distance to Zhangzhou Railway Station and close to Zhangzhou West Coach Terminal. The locality of the property is a newly-developed residential area with a good natural environment with reasonable proximity to Sanxiang River and Zhishan Park. As advised by the Group, the development of the property is planned to be commenced in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 194,744.32 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Resettlement housing</td><td>138,478.75</td></tr><tr><td>Resettlement retail</td><td>10,483.11</td></tr><tr><td>Basement</td><td>45,782.46</td></tr><tr><td>Total:</td><td>194,744.32</td></tr></table> The land use rights of the property have been granted for terms of 40 years for commercial service use and 70 years for residential use.	Usage	Planned Gross Floor Area (sq.m.)	Resettlement housing	138,478.75	Resettlement retail	10,483.11	Basement	45,782.46	Total:	194,744.32	The property was vacant as at the valuation date.	No commercial value
Usage	Planned Gross Floor Area (sq.m.)													
Resettlement housing	138,478.75													
Resettlement retail	10,483.11													
Basement	45,782.46													
Total:	194,744.32													

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract — No. 35060020130913G002 dated 11 October 2013 entered into between the State-owned Land Resources Bureau of Zhangzhou City and Shenzhen Vanke Real Estate Co., Ltd. and a Supplemental Agreement of the aforesaid State-owned Construction Land Use Rights Grant Contract dated 20 January 2014 entered into among the State-owned Land Resources Bureau of Zhangzhou City, Shenzhen Vanke Real Estate Co., Ltd. and Zhangzhou Wankebinjiang Property Co., Ltd. (“Zhangzhou Wanke”, 10.2% interest held by the Company), the land use rights of 2 parcels of land (including the land use rights of the property) were contracted to be granted to Zhangzhou Wanke with the particulars as follows:

Site Area	:	127,360.02 sq.m. (42,405.80 sq.m. for land parcel A and 84,954.22 sq.m. for land parcel B)
Land Use	:	Commercial service and Residential
Land Term	:	40 years for commercial service use and 70 years for residential use
Plot Ratio	:	≥1.0 and ≤3.6 for land parcel A ≥1.0 and ≤3.0 for land parcel B
Land Premium	:	RMB688,000,000

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 3506002014R0004, permission towards the planning of the property with a site area of approximately 42,405.8 sq.m. has been granted to Zhangzhou Wanke.
3. As at the valuation date, the property has not obtained relevant State-owned land use rights certificates. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB338,000,000, assuming the relevant title certificates of the property have been fully obtained by Zhangzhou Wanke and the property could be freely transferred.
4. As confirmed by the Company, the Company holds 20% interest in Zhangzhou Wanke as at the valuation date.
5. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Zhangzhou Wanke has paid off the land premium and has rights to apply for the State-owned Land Use Rights Certificates.
6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	N/A
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2015												
				RMB												
45.	A parcel of land known as Shanghai Huacao Lot IV located at the western side of Panyang Road, the northern side of Jile Road, the eastern side of Planning Road and the southern side of Beiqing Road Huacao Town Minhang District Shanghai The PRC	The property comprises a parcel of land with a site area of approximately 30,921.5 sq.m. which is planned to be developed into a commercial and office development. The property is located at the western side of Panyang Road, the northern side of Minbei Road, the eastern side of Planning Road and the southern side of Beiqing Road in Minhang District of Shanghai. The subject area of the property is well-served by public transportation with 20 minutes' driving distance to the Hongqiao Central Business Zone. The locality of the property is a newly-developed office area with good office and business environment. As advised by the Group, the development of the property is planned to be commenced in January 2016. Upon completion, the development will have a total planned gross floor area of approximately 106,744.00 sq.m. and the details are set out as below: <table><tr><th>Usage</th><th>Planned Gross Floor Area (sq.m.)</th></tr><tr><td>Commercial</td><td>8,940.40</td></tr><tr><td>Office</td><td>68,308.35</td></tr><tr><td>Basement</td><td>27,530.38</td></tr><tr><td>Ancillary</td><td>1,964.87</td></tr><tr><td>Total:</td><td><u>106,744.00</u></td></tr></table> The land use rights of the property have been granted for terms of 40 years for commercial use and 50 years for office use.	Usage	Planned Gross Floor Area (sq.m.)	Commercial	8,940.40	Office	68,308.35	Basement	27,530.38	Ancillary	1,964.87	Total:	<u>106,744.00</u>	The property was vacant as at the valuation date.	No commercial value
Usage	Planned Gross Floor Area (sq.m.)															
Commercial	8,940.40															
Office	68,308.35															
Basement	27,530.38															
Ancillary	1,964.87															
Total:	<u>106,744.00</u>															

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Min Gui Tu (2014) Chu Rang He Tong Bu Zi Di No. 24 dated 11 June 2014 entered into between the Planning and Land Administration Bureau of Minhang District Shanghai and Shanghai Kaichang Property Development Co., Ltd. (“Shanghai Kaichang”, a 50%-50% joint venture of the Company), the land use rights of the property were contracted to be granted to Shanghai Kaichang with the particulars as follows:

Site Area	:	30,921.5 sq.m.
Land Use	:	Commercial and Office
Land Term	:	40 years for commercial use and 50 years for office use
Plot Ratio	:	2.5
Land Premium	:	RMB471,600,000
2. Pursuant to a Construction Land Planning Permit — Hu Min Di (2015) EA31011220154210, permission towards the planning of the aforesaid land parcel with a site area of approximately 30,922 sq.m. has been granted to Shanghai Kaichang.
3. As at the valuation date, the property has not been assigned to Shanghai Kaichang and thus the title of the property has not been vested in Shanghai Kaichang. Besides, the relevant land use rights certificate has not been obtained. Therefore, we have attributed no commercial value to the property. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB499,000,000 assuming the relevant title certificates of the property have been fully obtained by Shanghai Kaichang and the property could be freely transferred.
4. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal advisers, which contains, inter alia, the following:
 - a. Shanghai Kaichang has paid off the land premium and has rights to apply for the State-owned Land Use Rights Certificates;
 - b. Shanghai Kaichang is a joint venture between Rongxin (Fujian) Investment Group Co., Ltd. (“Rongxin Group”, a wholly-owned subsidiary of the Company) and Greenland Group and they have each contributed 50% of the registered capital with a total amount of RMB5,000,000. Rongxin Group and Greenland Group have made their capital contributions to Shanghai Kaichang and shall draw dividends in proportion to their actual capital contributions; and
 - c. Shanghai Kaichang has obtained all the corresponding qualification certificates which are within the validity period as at the valuation date, for engaging in property development in accordance with the laws of the PRC, and has rights to engage in property development within the scope permitted by these qualification certificates.

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

a.	State-owned Construction Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	No
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	N/A
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on September 11, 2014 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the “Companies Law”). The Memorandum of Association (the “Memorandum”) and the Articles of Association (the “Articles”) comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on December 28, 2015 to take effect upon listing. The following is a summary of certain provisions of the Articles:

(a) Directors

- (i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company

may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested, but this prohibition shall not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
 - (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
 - (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.
- (vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the

members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;
- (bb) becomes of unsound mind or dies;
- (cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

- (i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

- (v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;
- (ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and
- (gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled

to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at

any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of

the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from September 30, 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with United Kingdom in 2010 but otherwise 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 maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section entitled "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES**1. Incorporation**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on September 11, 2014. Our Company has established a place of business in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on January 2, 2015. Ms. Ng Wing Shan of 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution comprises the Memorandum and Articles. A summary of certain provisions of the Articles and relevant aspects of the Companies Law is set forth in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

The authorized share capital of our Company as of the date of its incorporation was HK\$380,000 divided into 38,000,000,000 Shares of HK\$0.00001 each.

On September 11, 2014, one Share was allotted and issued to Sharon Pierson as the initial subscriber. On the same day, the Share was transferred to Dingxin and 99 Shares were further allotted and issued to Dingxin.

On December 23, 2015, 900 Shares were allotted and issued to Dingxin.

Immediately following the Capitalization Issue and completion of the Global Offering but not taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme, the issued share capital of our Company will be HK\$13,500 divided into 1,350,000,000 Shares, all fully paid or credited as fully paid and 36,650,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in the paragraph headed "A. Further Information about Our Company and Our Subsidiaries—3. Resolutions in writing of our sole Shareholder passed on December 28, 2015" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of our sole Shareholder passed on December 28, 2015

- (i) Pursuant to the resolutions in writing of our sole Shareholder passed on December 28, 2015:
 - (a) our Company approved and adopted the Articles which will come into effect upon Listing;
 - (b) conditional on (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue, Shares to be issued (pursuant to the Capitalization Issue, the Global Offering and the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator) (on behalf of the Underwriters)) and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:
 - (i) the Capitalization Issue, the Global Offering and Over-allotment Option were approved and our Directors were authorized to effect the same and to allot and issue new Shares pursuant to the Global Offering and the Over-allotment Option;
 - (ii) the proposed Listing was approved and our Directors were authorized to implement the Listing; and
 - (iii) the rules of the Share Option Scheme, the principal terms of which are set forth in the paragraph headed “D. Other Information — 1. Share Option Scheme” in this appendix, were approved and adopted with effect from the Global Offering and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such actions as may be necessary and/or desirable to implement and give effect to the Share Option Scheme;
 - (c) subject to the share premium account of our Company being credited as a result of the issue of Offer Shares pursuant to the Global Offering, our Directors were authorized to allot and issue a total of 1,012,499,000 Shares credited as fully paid at par value to the holders of Shares on the register of members of our Company at the close of business on the business day immediately preceding the Listing Date (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK\$10,124.99 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the existing issued Shares;

- (d) a general unconditional mandate was granted to our Directors to, inter alia, allot, issue and deal with Shares, securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares or such convertible securities with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the Capitalization Issue referred to in sub-paragraph (c) above and completion of the Global Offering.

This mandate does not cover Shares to be allotted, issued or dealt with under a rights issue, 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 the Articles, specific authority granted by the Shareholders in general meeting or upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme. Such mandate will expire:

- (i) at the conclusion of the next annual general meeting of our Company;
- (ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles; or
- (iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company,

whichever occurs first;

- (e) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase 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 the Capitalization Issue and completion of the Global Offering (excluding Shares which may be allotted and issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws and regulations. Such mandate will expire:

- (i) at the conclusion of the next annual general meeting of our Company;
- (ii) at the end of the period within which the next annual general meeting of our Company is required to be held under the applicable laws or the Articles; or
- (iii) when revoked or varied by an ordinary resolution of our Shareholders at a general meeting of our Company;

whichever occurs first; and

- (f) the general unconditional mandate as mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the Capitalization Issue and completion of the Global Offering, excluding any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme).

4. Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing. Please see the section headed “History, Reorganization and Group Structure” for further details.

5. Changes in the share capital of our subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus:

Rongda Company Limited

Rongda Company Limited was incorporated in the BVI on September 11, 2014 and is authorized to issue a maximum of 50,000 ordinary shares of a single class. On the same date, 100 ordinary shares of Rongda Company Limited were allotted and issued to our Company at a consideration of US\$100.

Rongtai Company Limited (融泰有限公司)

Rongtai Company Limited was incorporated in Hong Kong on September 26, 2014. On the same date, 100 ordinary shares of Rongtai Company Limited were allotted and issued to Rongda Company Limited at a consideration of HK\$100 as founder member’s shares.

Rongxin Group

On September 22, 2014, the registered capital of Rongxin Group was increased from RMB666,670,000 to RMB3,000,000,000.

Fuzhou Shuanghang Investment

On January 13, 2014, Fuzhou Shuanghang Investment was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

On September 12, 2014, the registered capital of Fuzhou Shuanghang Investment was increased from RMB10,000,000 to RMB100,000,000.

Changle Rongxin Investment Co., Ltd. (長樂融信投資有限公司) (“Changle Investment”)

On June 24, 2014, Changle Investment was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Fujian Langxin Investment Co., Ltd. (福建朗信投資有限公司) (“Fujian Langxin”)

On May 7, 2014, Fujian Langxin was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Hemei Zhangzhou Property

On January 28, 2014, Hemei Zhangzhou Property was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Hangzhou Kaizhu

On June 5, 2014, the registered capital of Hangzhou Kaizhu was increased from RMB 10,000,000 to RMB510,000,000.

Hangzhou Kaisheng

On February 20, 2014, Hangzhou Kaisheng was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

On April 14, 2014, the registered capital of Hangzhou Kaisheng was increased from RMB 10,000,000 to RMB100,000,000.

On September 11, 2014, the registered capital of Hangzhou Kaisheng was increased from RMB100,000,000 to RMB1,000,000,000.

Shanghai Yinbo Investment Company Limited (上海胤博投資有限公司) (“Shanghai Yinbo”)

On December 30, 2013, Shanghai Yinbo was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shanghai Qianheng Property Company Limited (上海謙恒置業有限公司) (“Shanghai Qianheng”)

On March 25, 2014, Shanghai Qianheng was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Fuzhou Shengye

On September 9, 2014, Fuzhou Shengye was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Fuzhou Yiheng

On September 12, 2014, Fuzhou Yiheng was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Fuzhou Ruifeng

On September 12, 2014, Fuzhou Ruifeng was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Fujian Rongshengmei

On October 28, 2014, Fujian Rongshengmei was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Pingtian Investment

On June 11, 2015, the registered capital of Pingtian Investment was increased from RMB100,000,000 to RMB196,078,431.

Hemei Shanghai Property

On May 29, 2015, the registered capital of Hemei Shanghai Property was increased from RMB10,000,000 to RMB19,607,843.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 34 to the Accountant's Report, the text of which is set forth in Appendix I to this prospectus.

7. Repurchase of Shares by our Company**(a) Provisions of the Listing Rules**

The Listing Rules permit companies whose primary listings are on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(Note: Pursuant to the resolutions in writing of our sole Shareholder passed on December 28, 2015, a general unconditional mandate (the “Buyback Mandate”) was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the Capitalization Issue and completion of the Global Offering (excluding Shares which may be issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.)

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the 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 as amended from time to time.

(b) *Reasons for repurchases*

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of shares made for the purpose of the purchase 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.

Our Directors do not propose to exercise the Buyback Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Buyback Mandate is exercised in full.

(d) *Share capital*

Exercise in full of the Buyback Mandate, on the basis of 1,350,000,000 Shares in issue immediately after the Listing (but taking no account of Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), could accordingly result in up to 135,000,000 Shares being repurchased by our Company during the period until:

- (i) the conclusion of the next annual general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or
- (iii) the date on which the Buyback Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) *General*

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buyback Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Buyback Mandate is exercised.

If as a result of a securities repurchase pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Code"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of the increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Code if the Buyback Mandate is exercised.

If the Buyback Mandate is fully exercised immediately following the Capitalization Issue and completion of the Global Offering, then, taking no account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme, the total number of Shares which will be repurchased pursuant to the Buyback Mandate shall be 135,000,000 Shares (being 10% of the issued share capital of our Company based

on the aforesaid assumptions). The shareholding percentage of Dingxin, a Controlling Shareholder, will increase to approximately 83.33% of the issued share capital of our Company immediately following the full exercise of the Buyback Mandate. In the event that the Buyback Mandate is exercised in full, the number of Shares held by the public would fall below 25% of the total number of Shares in issue. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Buyback Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of our business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

- (1) an equity transfer agreement between Xiamen Property and Shenzhen Vanke Property Co., Ltd. (深圳市萬科房地產有限公司) (“Shenzhen Vanke”) dated February 14, 2014, whereby Shenzhen Vanke agreed to transfer its 9% equity interest in Zhangzhou Vanke Binjiang Property Co., Ltd. (漳州市萬科濱江置業有限公司) (“Zhangzhou Vanke”) to Xiamen Property at a consideration of RMB900,000;
- (2) an equity transfer agreement between Xiamen Property and Xiamen Hengxing Property Co., Ltd. (廈門恒興置業有限公司) (“Xiamen Hengxing”) dated February 14, 2014, whereby Xiamen Hengxing agreed to transfer its 10% equity interest in Zhangzhou Vanke to Xiamen Property at a consideration of RMB1,000,000;
- (3) an equity transfer agreement between Xiamen Property and Xiamen Ruijie Xinghao Investment Co., Ltd. (廈門瑞傑興浩投資有限責任公司) (“Xiamen Ruijie Investment”) dated February 14, 2014, whereby Xiamen Ruijie Investment agreed to transfer its 1% equity interest in Zhangzhou Vanke to Xiamen Property at a consideration of RMB100,000;
- (4) an equity transfer agreement between Rongxin Group and Dingcheng Investment dated May 13, 2014, whereby Rongxin Group agreed to transfer its 100% equity interest in Hemei (Zhangzhou) Hotel Investment Co., Ltd. (和美(漳州)酒店投資有限公司) to Dingcheng Investment at a consideration of RMB200,000,000;
- (5) an equity transfer agreement between Rongxin Group and Xiamen Hefeng Garden Co., Ltd. (廈門和楓園林有限公司) (“Xiamen Hefeng”) dated November 20, 2014, whereby Rongxin Group agreed to transfer its 100% equity interest in Guangzhou Haixi Rongxin Property Development Co., Ltd. (廣州海西融信房地產開發有限公司) to Xiamen Hefeng at a consideration of RMB10,000,000;

- (6) an equity transfer agreement between Rongxin Group and Xiamen Hefeng dated December 15, 2014, whereby Rongxin Group agreed to transfer its 100% equity interests in Shiji Rongxin (Beijing) Property Co., Ltd. (世紀融信(北京)置業有限公司) to Xiamen Hefeng at a consideration of RMB10,000,000;
- (7) an equity transfer agreement between Fuzhou Yiheng and Mr. Ou dated December 15, 2014, whereby Mr. Ou agreed to transfer his 10.96% equity interest in Rongxin Group to Fuzhou Yiheng at a consideration of RMB332,222,000;
- (8) an equity transfer agreement between Fuzhou Yiheng and Ms. Xu Lixiang (許麗香) dated December 15, 2014, whereby Ms. Xu Lixiang agreed to transfer her 0.37% equity interests in Rongxin Group to Fuzhou Yiheng at a consideration of RMB11,216,000;
- (9) an equity transfer agreement between Fuzhou Yiheng and Dingcheng Investment dated December 15, 2014, whereby Dingcheng Investment agreed to transfer its 10.89% equity interest in Rongxin Group to Fuzhou Yiheng at a consideration of RMB330,100,000;
- (10) an equity transfer agreement between Fujian Rongshengmei and Dingcheng Investment dated December 15, 2014, whereby Dingcheng Investment agreed to transfer its 100% equity interest in Fuzhou Shengye to Fujian Rongshengmei at a consideration of RMB100,000,000;
- (11) a capital increase agreement among Fujian Ou Construction Development Company Limited (福建歐氏建設發展有限公司) (“Fujian Ou Construction”), Pingtan Investment and Rongxin Group dated May 26, 2015, pursuant to which, among other things, Fujian Ou Construction agreed to inject RMB612,000,000 into Pingtan Investment, for the subscription of registered capital in the amount of RMB96,078,431 with the remaining excess amount of additional capital to be credited to its capital reserve;
- (12) a capital increase agreement among Fujian Ou Construction, Hemei Shanghai Property and Rongxin Group dated May 26, 2015, pursuant to which Fujian Ou Construction agreed to inject RMB601,000,000 into Hemei Shanghai Property, for the subscription of registered capital in the amount of RMB9,607,843 with the remaining excess amount of additional capital to be which was credited to its capital reserve;
- (13) a first supplemental agreement to the capital increase agreement referred to in paragraph (12) above dated July 15, 2015 and entered into among Fujian Ou Construction, Hemei Shanghai Property and Rongxin Group, pursuant to which all parties thereto agreed that, among other things, (i) all income of Hemei Shanghai Property generated from its equity interest in Hangzhou Kaizhu should be attributed to Rongxin Group; and (ii) any losses incurred by Hangzhou Kaizhu should be indemnified by Rongxin Group and not be borne by Fujian Ou Construction;
- (14) a second supplemental agreement to the capital increase agreement and the first supplemental agreement referred to in paragraphs (12) and (13) above dated July 15, 2015

and entered into among Fujian Ou Construction, Hemei Shanghai Property and Rongxin Group, pursuant to which, among other things, Fujian Ou Construction agreed to inject an additional RMB435,000,000 into Hemei Shanghai Property, all of which was credited to its capital reserve;

- (15) a deed of undertakings among the Company, Mr. Ou and Dingcheng Investment dated December 22, 2015, pursuant to which the Company provided several undertakings in relation to the delineation of hotel operation business between the Group and Dingcheng Investment (together with its subsidiaries), in favour of Mr. Ou and Dingcheng Investment;
- (16) the deed of indemnity dated December 22, 2015 as described in the subsection headed “— D. Other Information — 3. Tax and Other Indemnity” in this appendix;
- (17) the Deed of Non-Competition (as defined in the section headed “Relationship with Controlling Shareholders” in this prospectus); and
- (18) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

(a) Trademarks for which registration has been granted

(i) As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration No.	Registered owner	Class ⁽¹⁾	Valid period
1		PRC	10026604	Rongxin Group	36	December 28, 2012 to December 27, 2022
2		PRC	9795985	Rongxin Group	36	November 21, 2012 to November 20, 2022
3		PRC	9833007	Rongxin Group	37	November 14, 2012 to November 13, 2022
4		Hong Kong	302754090	Rongxin Group	37	October 2, 2013 to October 2, 2023

APPENDIX V

STATUTORY AND GENERAL INFORMATION

No.	Trademark	Place of registration	Registration No.	Registered owner	Class ⁽¹⁾	Valid period
5		Hong Kong	302754072	Rongxin Group	36	October 2, 2013 to October 2, 2023
6		Hong Kong	302754063	Rongxin Group	36	October 2, 2013 to October 2, 2023

Note:

(1) For details of the classification of goods for trademarks, please refer to the paragraph headed “B. Further Information About Our Business—2. Intellectual property right of our Group—Trademarks—(c) Classification of goods for trademarks” in this appendix.

(ii) As of the Latest Practicable Date, we had the right to use the following licensed trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registration/ application No.	Licensor	Licensee	Class ⁽¹⁾	Effective date of the license	Valid period
1		PRC	10035860	Hyatt	Fuzhou Property ⁽²⁾	43	February 28, 2013	From February 28, 2013 to the earlier date of: (i) the expiry or termination of the first trademark license agreement and (ii) the expiry or termination of the registration under application number 10035860
2	凯悦	PRC	4073660	Hyatt	Fuzhou Property	43	February 28, 2013	February 28, 2013 to May 13, 2017

No.	Trademark	Place of registration	Registration/ application No.	Licensor	Licensee	Class ⁽¹⁾	Effective date of the license	Valid period
3	HYATT	PRC	9745857	Hyatt	Fuzhou Property	43	February 28, 2013	From February 28, 2013 to the earlier date of: (i) the expiry or termination of the first trademark license agreement and (ii) the expiry or termination of the registration under application number 9745857

Notes:

(1) For details of the classification of goods for trademarks, please see the paragraph headed “— B. Further Information About Our Business — 2. Intellectual Property Rights of our Group — Trademarks — (C) Classification of goods for trademarks” in this appendix.

(2) The licenses to use the licensed trademarks were granted by Hyatt to Rongxin Group on February 28, 2013 and was transferred to Fuzhou Property by Rongxin Group on May 20, 2013.

(b) *Trademarks under application*

As of the Latest Practicable Date, we had no pending applications for the registration of any trademarks which we consider to be or may be material to our business.

(c) *Classification of goods for trademarks*

The table below sets out the classification of goods for trademarks (the detailed classification in relation to the relevant trademarks depends on the details set out in the relevant trademark certificates and may differ from the list below):

Class Number	Goods
36	Insurance; financial affairs; monetary affairs; real estate affairs
37	Building construction; repair; installation services
43	Services for providing food and drink; temporary accommodation

Domain Names

As of the Latest Practicable Date, we have registered the following domain names which we consider to be or may be material to our business:

Domain Name	Registrant	Expiry Date
rongxinggroup.com	Beijing Xinwang Hulian Co., Ltd. (北京新網互聯有限公司)	June 17, 2016
cnrxg.com	Beijing Wanwang Zhicheng Technology Co., Ltd. (北京萬網誌成科技有限公司)	October 24, 2016
rongx.net	Beijing Wanwang Zhicheng Technology Co., Ltd. (北京萬網誌成科技有限公司)	October 24, 2016

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of interest—interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations*

Immediately following the Capitalization Issue and completion of the Global Offering, assuming that the Over-allotment Option and options which may be granted under the Share Option Scheme are not exercised, the interest or short position of our Directors or chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, 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, are as follows:

Interests in Shares of our Company

Name of Director	Nature of interest	Number of Shares	Percentage of shareholding
Mr. Ou ⁽¹⁾	Beneficiary of a trust	1,012,500,000	75%

Note:

- (1) Mr. Ou is the protector and one of the discretionary beneficiaries of the Ou Family Trust and therefore is deemed to be interested in the Shares held in the Ou Family Trust under the SFO.

(b) *Particulars of service contracts and letters of appointment*

Each of Mr. Ou, Mr. Wu Jian (吳劍), Mr. Lin Junling (林峻嶺) and Ms. Zeng Feiyan (曾飛燕), being our executive Director, has entered into a service contract with our Company on December 28, 2015. Each service contract is for an initial term of three years commencing from the Listing Date.

Each of Mr. Lo, Wing Yan William (盧永仁), Mr. Ren Yunan (任煜男) and Mr. Qu Wenzhou (屈文洲), being our independent non-executive Director, has entered into a letter of appointment with our Company on December 28, 2015. Each letter of appointment is for an initial term of three years commencing from the Listing Date.

(c) *Directors' remuneration*

The aggregate amount of remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to our Directors for the three years ended December 31, 2014 and the six months ended June 30, 2015 were all nil as our Directors had not received any remuneration in the capacity of a Director.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended December 31, 2014 and the six months ended June 30, 2015.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2014 and the six months ended June 30, 2015 by any member of our Group to any of our Directors.

Our independent non-executive Directors have been appointed for a term of three years. Our Company intends to pay a director's fee of HK\$240,000 per annum to each of the independent non-executive Directors.

Under the arrangements currently in force, the aggregate amount of remuneration payable by our Group to our Directors for the year ended December 31, 2015 will be nil as our Directors will not receive any remuneration in the capacity of a Director. During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the three years ended December 31, 2014 and the six months ended June 30, 2015 for the loss of any office in connection with the management of the affairs of any subsidiary of our Company.

Further details of the terms of the above service contracts are set forth in the paragraph headed "C. Further Information About Our Directors And Substantial Shareholders—1. Directors—(b) Particulars of service contracts and letters of appointment" in this appendix.

2. Substantial Shareholders

- (a) So far as our Directors are aware, immediately following the Capitalization Issue and completion of the Global Offering (but without taking into account the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme), the following persons (other than our Directors and chief executive of our Company) will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Capacity	Number of Shares	Percentage of shareholding
Ms. Xu Lixiang (許麗香) ⁽¹⁾	Interest of spouse/ Beneficiary of a trust	1,012,500,000	75%
TMF (Cayman) Ltd. ⁽¹⁾	Trustee of a trust	1,012,500,000	75%
Mr. Ou Guofei (歐國飛) ⁽¹⁾	Settlor of a trust	1,012,500,000	75%
Honesty Global Holdings Limited ⁽¹⁾	Interest of a controlled corporation	1,012,500,000	75%
Dingxin ⁽¹⁾	Beneficial owner	1,012,500,000	75%

Note:

- (1) The sole shareholder of Dingxin is Honesty Global Holdings Limited, the holding vehicle incorporated in the BVI used by TMF (Cayman) Ltd., the trustee of the Ou Family Trust and which holds all the issued shares in Dingxin. The sole shareholder of Honesty Global Holdings Limited is TMF (Cayman) Ltd. The Ou Family Trust is a discretionary trust established by Mr. Ou Guofei (as the settlor), with Mr. Ou being the protector and the discretionary beneficiaries being Mr. Ou and Ms. Xu Lixiang, the spouse of Mr. Ou.

- (b) As of the Latest Practicable Date, so far as is known to our Directors, the following persons were 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 major subsidiary of our Company or had option in respect of such capital:

Name of Shareholder	Name of member of our Group	Percentage of shareholding
Shenzhen Pingan Dahua Huitong Wealth Management Co., Ltd. (深圳平安大華匯通財富管理有限公司)	Fuzhou Shuanghang Investment	70%
Fujian Ouke	Fujian Property	34%
Shenzhen Shangheng Dongxin Investment Enterprise (Limited Partnership) (深圳市尚衡東信投資企業(有限合伙))	Fuzhou Investment	49%
Oriental Chuangfu No. 2 (Shenzhen) LLP (東方創富貳號(深圳)投資企業(有限合夥))	Fuzhou Property	40%
Zhongrong International Trust Co., Ltd. (中融國際信託有限公司)	Hemei Zhangzhou Property	49%
	Lanhu Property	49%
Shanghai Goldstate Brilliance Asset Management Co., Ltd. (上海金元百利資產管理有限公司)	Xiamen Property	49%
Tianhong Innovative Asset Management Co., Ltd. (天弘創新資產管理有限公司)	Changle Rongxin Investment	70%
	Hangzhou Kaizhu	90%
Fujian Ou Construction Development Company Limited	Pingtang Investment	49%
(福建歐氏建設發展有限公司)	Hemei Shanghai Property	49%

3. Personal Guarantees

Save as disclosed in this prospectus, our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

4. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

5. Related-Party Transactions

During the two years preceding the date of this prospectus, we were engaged in related party transactions as described in the Accountant's Report set out in Appendix I to this prospectus under the paragraph headed "II. Notes to the Financial Information—33. Related Party Transactions."

6. Disclaimers

Save as disclosed herein:

- (a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;
- (b) none of our Directors or experts referred to under paragraph headed “D. Other Information—9. Consents of Experts” in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;
- (d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));
- (e) taking no account of Shares which may be taken up under the Global Offering, none of our Directors or chief executive knows of any person (not being a Director or chief executive of our Company) who will, immediately following the Capitalization Issue and completion of the Global Offering, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and
- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION**1. Share Option Scheme**

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of our sole Shareholder on December 28, 2015.

(a) Purpose

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors believe the Share Option Scheme will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who our Board considers, in its sole discretion, have contributed or will contribute to our Group, to take up options to subscribe for Shares (collectively the “**Eligible Participants**”):

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group.

For the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors’ opinion as to the participant’s contribution to the development and growth of our Group.

(c) Maximum number of Shares

- (i) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time.

- (ii) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares (the “**General Scheme Limit**”).
- (iii) Subject to paragraph (i) above and without prejudice to paragraph (iv) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (iv) Subject to paragraph (i) above and without prejudice to paragraph (iii) above, the Company may seek separate Shareholders’ approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (iii) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the identified participants, the number and terms of options to be granted, the purpose of granting options to the identified participants with an explanation as to how the terms of the options serve such purpose and all other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) *Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of options to a participant in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders’ approval in general meeting of the Company with such participant and his close associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) *Grant of options to connected persons*

- (i) Any grant of options under the Share Option Scheme to any Director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).
- (ii) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
 - (1) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
 - (2) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of each grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by our Shareholders in a general meeting. The Company must send a circular to its Shareholders no later than the date on which the Company gives notice of the general meeting to approve the Share Option Scheme. The grantees, their associates and all core connected persons of the Company must abstain from voting at such general meeting, except that they may vote against the relevant resolution at the general meeting provided that any of their intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

(f) *Time of acceptance and exercise of option*

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(g) *Performance targets*

Unless our Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(h) *Subscription price for Shares and consideration for the option*

The subscription price per Share under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1 is payable upon acceptance of the grant of an option.

(i) *Ranking of Shares*

- (i) Shares allotted and issued upon the exercise of an option will be identical to the then existing issued shares of the Company and subject to all the provisions of the Memorandum and Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of the Company or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.
- (ii) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time.

(j) *Restrictions on the time of grant of options*

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company's results for any year, half-year, quarter or any

other interim period (whether or not required under the Listing Rules); and (ii) the last date on which the Company must publish its announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the period or time in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(k) *Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(l) *Rights are personal to the grantee*

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option.

(m) *Rights on ceasing employment*

If the grantee of an option is an Eligible Participant and ceases to be an Eligible Participant for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (o) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was physically at work with our Group or the relevant subsidiary whether salary is paid in lieu of notice or not.

(n) *Rights on death, ill-health or retirement*

If the grantee of an option is an Eligible Participant and ceases to be an Eligible Participant by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was physically at work with our Group or the relevant subsidiary whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(o) *Rights on dismissal*

If the grantee of an option is an Eligible Participant and ceases to be an Eligible Participant by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or the relevant subsidiary into disrepute) or on any other ground on which an employer would be entitled to terminate his or her employment summarily, his option will lapse automatically and will not be exercisable on or after the date of ceasing to be an Eligible Participant.

(p) *Rights on breach of contract*

If our Directors shall at their absolute discretion determine that (i)(1) the grantee of any option (other than an Eligible Participant) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any relevant subsidiary on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (ii) the option granted to the grantee under the Share Option scheme shall lapse as a result of any event specified in items (1), (2) or (3) in (i) above, his option will lapse automatically and will not be exercisable on or after the date on which our Directors have so determined.

(q) *Rights on a general offer, a compromise or arrangement*

If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, a grantee shall be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

(r) *Rights on winding up*

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share

Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(s) *Grantee being a company wholly owned by Eligible Participants*

If the grantee is a company wholly owned by one or more Eligible Participants: sub-paragraphs (k), (m), (n) and (o) shall apply to the grantee and to the options to such grantee, *mutatis mutandis*, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (k), (m), (n) and (o) shall occur with respect to the relevant Eligible Participant, and the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that our Directors may in their absolute discretions decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(t) *Adjustments to the subscription price*

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding adjustments (if any) certified by the auditors for the time being of or an independent financial advisor to the Company as fair and reasonable will be made to (i) the number or nominal amount of Shares to which the Share Option Scheme or any option relates, so far as unexercised, and/or (ii) the subscription price of the option concerned, and/or (iii) the method of exercise of the Option, provided that (1) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (2) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (3) no adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustments made on a capitalization issue, such auditors or independent financial advisor must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the “Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule” attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes).

(u) *Cancellation of options*

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by our Shareholders pursuant to sub-paragraphs (c) (iii) and (iv) above.

(v) ***Termination of the Share Option Scheme***

The Company by ordinary resolution in a general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further options shall be offered or granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) ***Lapse of option***

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (i) the expiry of the period referred to in sub-paragraph (f);
- (ii) the date or the expiry of the periods or dates referred to in sub-paragraphs (k), (m), (n), (o), (q) and (r);
- (iii) the date on which the grantee commits a breach of the provision which restricts the grantee to transfer or assign an option granted under the Share Option Scheme or sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of this scheme;
- (iv) the date on which the grantee (being an employee or a director of any member of our Group) ceases to be an Eligible Participant of the Share Option Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (v) the date on which the grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company;
- (vi) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally; and

- (vii) unless our Board otherwise determines, and other than in the circumstances referred to in sub-paragraphs (m) or (n), the date the grantee ceases to be an Eligible Participant (as determined by a Board resolution) for any other reason.

(x) ***Others***

- (i) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the listing of and permission to deal in such number of Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number representing the General Scheme Limit. Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.
- (ii) The terms and conditions of the Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of our Shareholders in a general meeting.
- (iii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iv) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (v) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by our Shareholders in a general meeting.

(y) ***Value of options***

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

(z) ***Grant of options***

As of the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

3. Tax and Other Indemnity

Mr. Ou, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin (together, the “Indemnifiers”) have entered into a deed of indemnity in favour of our Group (being a material contract referred to in the paragraph headed “B. Further Information About Our Business—1. Summary of Material Contracts” in this appendix) to provide the indemnities on a joint and several basis in respect of, among other things, taxation resulting from profits or gains earned, accrued or received, as well as any penalties imposed due to non-compliance of any members of our Group with applicable laws and regulations on or before the date when the Global Offering becomes unconditional.

4. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus and so far as our Directors are aware, we were not engaged in any litigation, arbitration or claim of material importance and no litigation or claim of material importance (to our Group’s financial condition or results of operation) is pending or threatened against any member of our Group.

5. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalization Issue and the Shares to be issued as mentioned in this prospectus (including any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme). All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor has declared its independence pursuant to Rule 3A.07 of the Listing Rules. The amount of fees payable to the Sole Sponsor by our Company is HK\$7,680,000.

6. Preliminary Expenses

Our preliminary expenses are estimated to be approximately US\$5,460 and are payable by our Company.

7. Promoter

We do not have any 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 benefits have been paid, allotted or given nor are any proposed cash, securities or other benefits to be paid, allotted or given to any promoters.

8. Taxation of holders of Shares**(a) Hong Kong**

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

9. Qualification of Experts

The followings are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
ICBC International Capital Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants
FenXun Partners	Legal advisors to our Company as to PRC laws
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer

10. Consents of Experts

Each of ICBC International Capital Limited, PricewaterhouseCoopers, FenXun Partners, Conyers Dill & Pearman and Jones Lang LaSalle Corporate Appraisal and Advisory Limited 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 values and/or valuation certificates and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest 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.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

13. Miscellaneous

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

- (ii) no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;
 - (iii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
 - (iv) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;
- (b) save as disclosed in this prospectus, there are no founder, management or deferred shares nor any debentures in our Company or any of our subsidiaries;
- (c) save as disclosed in this prospectus, none of the persons named under the sub-paragraph headed “D. Other Information—9. Consents of Experts” in this appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;
- (d) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since June 30, 2015 (being the date to which the latest audited consolidated financial statements of our Group were made up);
- (e) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (f) the principal register of members of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;
- (g) no company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and
- (h) there is no arrangement under which future dividends are waived or agreed to be waived.

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:

- (a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;
- (b) a copy of each of the material contracts referred to in the section entitled “Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix V to this prospectus; and
- (c) the written consents referred to in the section entitled “Statutory and General Information—D. Other Information—9. Consents of Experts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Paul Hastings at 21-22/F, Bank of China Tower, 1 Garden Road, 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;
- (b) the Accountant’s Report for the three years ended December 31, 2014 and the six months ended June 30, 2015 from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Group for the three years ended December 31, 2014 and the six months ended June 30, 2015;
- (d) the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- (e) the letter, summary of valuations and valuation certificates relating to the property interests of our Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the legal opinions issued by FenXun Partners, our PRC legal advisors, dated December 31, 2015 in respect of certain aspects of the Group and the property interests of the Group;
- (g) the letter of advice prepared by Conyers Dill & Pearman, our legal advisor as to the law of the Cayman Islands, summarizing certain aspects of the Cayman Islands company law referred to in Appendix IV to this prospectus;
- (h) the material contracts referred to in the section headed “Statutory and General Information—B. Further Information about Our Business—1. Summary of Material Contracts” in Appendix V to this prospectus;

- (i) the written consents referred to in the section headed “Statutory and General Information—D. Other Information—10. Consents of Experts” in Appendix V to this prospectus;
- (j) service contracts and the letters of appointment referred to in the section headed “Statutory and General Information—C. Further Information about Our Directors and Substantial Shareholders—1. Directors—(b) Particulars of service contracts and letters of appointment” in Appendix V to this prospectus;
- (k) the Cayman Companies Law; and
- (l) the rules of the Share Option Scheme.



Ronshine China Holdings Limited
融信中國控股有限公司