

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your Shares in **Renhe Commercial Holdings Company Limited**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Renhe Commercial Holdings Company Limited**

**人和商業控股有限公司\***

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

**(Stock Code: 1387)**

**(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
AND  
(2) NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee and the Shareholders**

**AMASSE CAPITAL**  
**寶 積 資 本**

A letter from the Board is set out on pages 6 to 21 of this circular. A letter from the Independent Board Committee containing its recommendation to the Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from Amasse Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Shareholders is set out on pages IFA-1 to IFA-23 of this circular.

A notice convening the EGM of the Company to be held at Chatham Room, Level 7, Conrad Hong Kong, One Pacific Place, 88 Queensway, Admiralty, Hong Kong, on Wednesday, 18 May 2016, at 3:15 p.m. is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

\* For identification purposes only

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## DEFINITIONS

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

“Agricultural Market Business”	the business of operating wholesale and retail markets for the sale of agricultural produce in the PRC conducted by the Group
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business day”	a day (other than a Saturday or a Sunday) on which commercial banks are generally open for business in Hong Kong
“BVI”	the British Virgin Islands
“Company”	Renhe Commercial Holdings Company Limited (Stock Code: 1387), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed in the Stock Exchange
“Complete Disposal Minimum Price”	refers to minimum offer prices (or aggregated offer prices) acceptable under the Complete Disposal Scenario, being no less than US\$1,000 million
“Complete Disposal Scenario”	refers to the scenario where the letter(s) of interest received by the Company under the Tender cover all the Disposal Properties
“Completion”	the completion of Disposal
“Condition Subsequent”	an undertaking given by Fine Genius as the borrower of the Syndicated Loan to register a mortgage over a piece of land located in Wuxi, PRC with the PRC government authorities by an agreed deadline pursuant to the Syndicated Loan Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the cash consideration of US\$1,000 million (equivalent to RMB6,500 million) being the amount the Purchaser required to settle for the purpose of acquiring the Target Company pursuant to the exercise of the Option Deed
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Target Company pursuant to the exercise of Put Option

## DEFINITIONS

“Disposal Properties Payable”	the indebtedness, construction payables and capital commitment related to the relevant Disposal Properties or the respective holding project companies
“Disposal Property(ies)”	the 23 completed Shopping Malls, 11 Shopping Malls under construction and 10 Shopping Malls at the planning stage with relevant construction approvals obtained, further details of which are as stated under the paragraph headed “Letter from the Board — 2. PROPOSED DISPOSAL — B. The Disposal Properties” of this circular
“EGM”	the extraordinary general meeting of the Company to be convened on 18 May 2016 which, among others, the Disposal contemplated under the Option Deed will be considered and, if thought fit, approved by the Independent Shareholders
“Financial Covenant”	an undertaking given by Fine Genius as the borrower of the Syndicated Loan to maintain a minimum cash amount at all times pursuant to the Syndicated Loan Agreement
“Fine Genius”	Fine Genius Enterprises Limited, an investment holding company incorporated in the BVI and a wholly-owned subsidiary directly held by the Company
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Company consisting of all the independent non-executive Directors to advise the Independent Shareholders in relation to the terms and conditions of the Option Deed and the transactions contemplated thereunder
“Independent Financial Adviser”	Amasse Capital Limited, a corporation licensed by the SFC to conduct Type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholder(s)”	Shareholders (other than Mr. Dai and its associates and any person who is involved in, or interested in, the Disposal pursuant to the Put Option) who are entitled to attend and vote at the EGM under the applicable laws and regulations and the articles of association of the Company

## DEFINITIONS

“Independent Shareholders’ Approval”	ordinary resolution(s) by the Independent Shareholders at the EGM for the approval of, among others, the Option Deed and the Disposal pursuant to the exercise of the Put Option by the Company
“Latest Practicable Date”	25 April 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular, unless otherwise specified
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Dai”	Mr. Dai Yongge, the chairman, executive Director and controlling shareholder (as defined in the Listing Rules) of the Company. As at the Latest Practicable Date, Mr. Dai (together with his associates) is interested in approximately 64.92% of the issued share capital of the Company
“Option Deed”	the Option Deed entered into by the Company and Purchaser on 18 March 2016 in respect of, among others, the Put Option and the Disposal
“Partial Disposal Minimum Price”	refers to the minimum offer price acceptable to the Board in the Partial Disposal Scenario, being no less than the sum of (i) US\$1,000 million and (ii) the aggregate amount of the Disposal Properties Payable related to the unsold Disposal Properties
“Partial Disposal Scenario”	refers to the scenario where the letter(s) of interest received by the Company under the Tender do not cover all the Disposal Properties
“PRC”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Apex Assure Limited (盛諾有限公司), a limited liability company incorporated in the British Virgin Islands and is wholly-owned by Mr. Dai
“Put Option”	the option exercisable by the Company to sell the entire issued share capital of the Target Company (which subsequent to the completion of Reorganisation should hold all the Disposal Properties through a group of subsidiaries) at the Consideration to the Purchaser

## DEFINITIONS

“Remaining Business”	the business to be conducted by the Remaining Group subsequent to the Disposal, detail of which is set out in the paragraph headed “Letter from the Board — 6. FUTURE STRATEGY AND BUSINESS FOCUS OF THE REMAINING GROUP” of this circular
“Remaining Group”	the Group immediately after the Completion
“Reorganisation”	the reorganisation to be undertaken in preparation for the Disposal pursuant to the exercise of Put Option, details of which is set out in the paragraph headed “Letter from the Board — 2. PROPOSED DISPOSAL — C. Reorganisation” of this circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder”	holders of the shares of the Company
“Shopping Mall(s)”	the underground or ground level shopping mall(s) which engage in the sale of a wide variety of products, such as apparel, accessories and small commodities in the PRC operated or managed by the Group
“Shopping Mall Business”	the business of developing, leasing and managing Shopping Malls
“Sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Syndicated Loan”	a US\$250 million and HK\$390 million term loan borrowed by Fine Genius
“Syndicated Loan Agreement”	the facility agreement regarding the Syndicated Loan
“Target Company”	Stone Wealth Limited (碩裕有限公司), a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date

## DEFINITIONS

“Target Group”	the Target Company and the relevant subsidiaries of the Company interested in the Disposal Properties
“Tender”	the tender conducted by DTZ   Cushman & Wakefield as sole agent for and on behalf of the Company for the purpose of the sale of the Disposal Properties
“Tender Closing Date”	20 April 2016, the last date which letter(s) of interest regarding the Disposal Properties are opened for submission under the Tender
“Unsuccessful Tender”	refers to any one of the following events: (i) no letter of interest in relation to the Disposal Properties received by the Company on or before the Tender Closing Date; or (ii) the letter(s) of interest received on or before the Tender Closing Date is/are not acceptable to the Board, in particular where the offer price indicated in such letter(s) of interest do not meet the Completed Disposal Minimum Price or the Partial Disposal Minimum Price, as the case may be
“US\$”	The United States of America Dollars, a lawful currency of the United States of America
“%”	per cent.

*In this circular, unless the context otherwise requires, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, as modified by the Stock Exchange from time to time.*

*For the purpose of this circular, unless the context otherwise requires, conversion of USD into RMB is based on the approximate exchange rate of USD1 to RMB6.5. Such exchange rate is for illustration purpose only and does not constitute a representation that any amounts could have been or may be converted at such or any other rates or at all.*

*Certain amounts and percentage figures set out in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables or descriptions and the currency conversion or percentage equivalents may not be an arithmetic sum of such figures.*

*The English name marked with “\*” is for identification purposes only.*



**Renhe Commercial Holdings Company Limited**

**人和商業控股有限公司\***

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

**(Stock Code: 1387)**

*Executive Directors:*

Mr. Dai Yongge (*Chairman*)  
Mr. Wang Hongfang (*Chief Executive Officer*)  
Mr. Hu Yuzhou  
Mr. Dai Bin  
Mr. Zhou Jun

*Registered Office:*

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Grand Cayman KY1-1111  
Cayman Islands

*Non-executive Directors:*

Mrs. Hawken Xiu Li  
Ms. Jiang Mei  
Ms. Zhang Xingmei  
Mr. Zhang Dabin  
Ms. Wang Chunrong

*Principal Place of Business  
in Hong Kong:*

Suites 603–606  
One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

*Independent Non-Executive Directors:*

Mr. Fan Ren-Da, Anthony  
Mr. Wang Shengli  
Mr. Wang Yifu  
Mr. Leung Chung Ki  
Mr. Tang Hon Man

29 April 2016

*To the Shareholders*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
AND  
(2) NOTICE OF EGM**

**1. BACKGROUND**

Reference is made to the Company's announcements dated 31 December 2015, 25 February 2016, 18 March 2016 and 21 April 2016 (collectively, the "Announcements").

\* For identification purposes only



## LETTER FROM THE BOARD

As stated in the Announcements, due to the Group's continuing non-fulfillments of the Condition Subsequent and the Financial Covenant, the Company has commenced the sale of the Disposal Properties by way of Tender in order to address the financial needs arising from the potential acceleration of the Syndicated Loan and consequentially the potential cross-default of other loans of the Group as a result.

The Tender was closed on 20 April 2016. As stated in the announcement of the Company dated 21 April 2016, during the period of Tender, DTZ has marketed the Disposal Properties extensively and approached a wide range of sizable institutional investors including asset management companies, insurance companies, private equity real estate funds and property developers to solicit their interests on the Disposal Properties. Despite the effort, the Company did not receive any letter of interest under the Tender. According to DTZ, the negative market sentiment towards the Disposal Properties was attributable to, among others, (i) the lack of property title of the Disposal Properties which are civil air defense shelters; (ii) most of the Disposal Properties are not located in tier-one cities in the PRC; (iii) certain target buyers could only proceed the acquisition with an onshore deal structure; (iv) the negative market outlook of the retail and commercial property market in the PRC; and (v) the level of rental income derived from the Disposal Properties were not attractive from an investment perspective.

As a standby arrangement for the Company in the event of the Unsuccessful Tender, the Company had entered into the Option Deed with the Purchaser on 18 March 2016 pursuant to which the Company was granted a Put Option to sell the entire issued share capital of the Target Company to the Purchaser for a cash consideration of US\$1,000 million (approximately RMB6,500 million), which is equivalent to the Complete Disposal Minimum Price under the Tender. The Target Company, upon the completion of the Reorganisation, shall hold all the Disposal Properties. Upon Completion, the Purchaser should acquire the Target Group including the Disposal Properties Payable accrued up to and including the date of Completion (amounted to approximately RMB9,640 million as at 31 December 2015).

The Company has exercised the Put Option on 18 March 2016 and the Completion contemplated thereunder are subject to the occurrence, fulfillment or waiver (as appropriate) of various conditions precedent, including but not limited to the occurrence of Unsuccessful Tender and the completion of Reorganisation mentioned above. In light of the result of the Tender, the Unsuccessful Tender has occurred as at the Latest Practicable Date.

As one of the applicable percentage ratios (as defined under the Listing Rules) of the Disposal exceeds 75%, the Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and Shareholders' approval requirement. Further, since Mr. Dai is a Director and is interested (or deemed to be interested) in approximately 64.92% in the issued share capital of the Company, and the Purchaser is wholly-owned by Mr. Dai, the Purchaser is an associate of Mr. Dai and the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, which is subject to, among other things, the Independent Shareholders' Approval in the EGM.

## LETTER FROM THE BOARD

The purpose of this circular is to provide you with: (i) details of the Option Deed, Put Option and the Disposal contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Disposal; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposal; (iv) a valuation report in respect of the Disposal Properties; and (v) a notice of the EGM.

### **2. THE PROPOSED DISPOSAL**

#### **A. The Option Deed**

The principle terms of the Option Deed are set out below:

##### ***Date***

18 March 2016

##### ***Parties***

- (1) the Purchaser; and
- (2) the Company.

##### ***Subject Matter***

The Company was granted a Put Option to sell the entire issued share capital of the Target Company to the Purchaser at the Consideration, which is equivalent to the Complete Disposal Minimum Price under the Tender. Upon the completion of Reorganisation the Target Company should hold all the relevant subsidiaries of the Company, which in turn holds all the Disposal Properties.

Upon Completion, the Purchaser will acquire the Target Company including the Disposal Properties Payable accrued up to and including the date of Completion. As at 31 December 2015, such Disposal Properties Payable amounted to approximately RMB9,640 million.

The Company has exercised the Put Option on 18 March 2016, and the Completion is subject to the conditions precedent stated under the Option Deed having been occurred, fulfilled or waived (as appropriate).

##### ***Consideration***

The Consideration for the Disposal shall be US\$1,000 million (equivalent to approximately RMB6.5 billion) payable in cash and settled in full upon Completion.

The Consideration has been arrived at after arm's length negotiation between the Purchaser and the Company on the basis that, among other things, the Purchaser is required to offer no less than the Complete Disposal Minimum Price that would have been accepted by the Board in the Completed Disposal Scenario under the Tender.

## LETTER FROM THE BOARD

### *Basis of determining the Consideration or Complete Disposal Minimum Price*

According to the unaudited combined financial information of the Target Group, the net asset value of the Target Group amounted to approximately RMB10.2 billion as at 31 December 2015, which has not taken into account the effect of Reorganisation, namely (i) the proposed capitalisation of a net liability due to the Remaining Group of approximately RMB10.1 billion and (ii) a prepayment of approximately RMB0.2 billion made by Fine Genius for the purpose of acquiring 10% interest in two Disposal Properties in Dongguan Humen, the acquisition right of which will be assigned to the Target Group. Please refer to the paragraph headed “Letter from the Board — 2. The Proposed Disposal — C. Reorganisation” for further information of Reorganisation. Such Reorganisation, including the capitalisation of the net liabilities due to the Remaining Group and the assignment of acquisition right, will be conducted in the same manner regardless of whether the Target Group is to be disposed under the Tender or pursuant to the Disposal under the exercise of Put Option, because (i) it would not be in the interest of the Group to incur further cost for such remaining 10% interest in the relevant Disposal Properties as 90% interest of such Disposal Properties will be disposed; and (ii) any intra-group balance between Target Group and the Remaining Group shall be clear off before it is disposed to the potential buyers under the Tender or, in the case of Disposal, the Purchaser. As such, after taking into account the amount of net liability to be capitalised and the prepayment aforementioned, the total value of asset to be disposed shall amount to approximately RMB20.5 billion (for the purpose of this circular, such amount shall be referred as the “**Disposal NAV**”). As at 29 February 2016, the aggregated market value of the Disposal Properties was approximately RMB20.2 billion. Please refer to the property valuation report of the Disposal Properties set out in Appendix IV to this circular for further details.

The Consideration (or the Complete Disposal Minimum Price) was determined at a significant discount to the Disposal NAV and the market value of the Disposal Properties after taken into consideration of the following factors:

- the Target Group had Disposal Properties Payable which amounted to approximately RMB9,640 million as at 31 December 2015, comprising onshore indebtedness of approximately RMB3,155 million, construction payable of approximately RMB1,637 million and capital commitment of approximately RMB4,848 million;
- the negative market outlook in relation to the commercial property sector in the PRC and the continuous substantial net valuation losses on the investment properties suffered by the Shopping Mall Business as stated in the paragraph headed “Letter from the Board — 3. REASONS FOR AND BENEFITS OF THE DISPOSAL” of this circular;

## LETTER FROM THE BOARD

- the general negative market sentiment towards Disposal Properties which are underground civil air defense shelters, particularly that governmental authorities in the PRC are entitled to take over for use as civilian shelters during times of war;
- the amount of sale proceeds necessary to enable the Company to discharge its current offshore indebtedness subject to potential acceleration, being approximately RMB4,940 million as at 31 December 2015 comprising of (i) interest bearing loans borrowed by the Group of approximately RMB3,593 million; (ii) offshore debt obligations of approximately RMB 1,237 million assumed by the Company in connection with the acquisition of Agricultural Market Business completed in July 2015; and (iii) interest payables of all offshore indebtedness of approximately RMB110 million;
- the capital need of approximately RMB1,560 million of which:
  - (i) approximately RMB800 million is intended for the potential development of a brand new e-commerce trading platform for agricultural produce, including the establishment of relevant hardware infrastructure (e.g. data processing server) and software applications (e.g. mobile applications and online payment/trading systems), the recruitment of the relevant technicians and specialists to develop and subsequently operate such e-commerce trading platform, and the relevant marketing and promotion activities;
  - (ii) approximately RMB300 million is intended for the further development of the Agricultural Market Business, including the upgrade of certain existing trading and settlement systems implemented in the agricultural produce wholesale markets, enhancement of value-added services to the market users, and marketing and promotion of the agricultural produce wholesale markets; and
  - (iii) the remaining RMB460 million for general working capital purpose including staff cost and administrative expenses; and
- the scale of the Disposal Properties and the timely need of the Group to obtain additional cash resources should there be an acceleration of Syndicated Loan and cross-default of other loan(s) of the Group.

As illustrated by the result of the Tender, no target buyer was willing to offer the Complete Disposal Minimum Price or any other price for the Disposal Properties under the Tender. In such circumstances, the Directors are of the view that the Consideration, being equivalent to the Complete Disposal Minimum Price, is fair and reasonable in light of the result of the Tender, and that the Disposal is in the interests of the Company and the Shareholders as a whole under the current financial difficulties encountered by the Company.

## LETTER FROM THE BOARD

### *Non-competition undertaking*

Pursuant to the Option Deed, the Purchaser irrevocably undertook that, upon Completion, none of the member of the Target Group or the Disposal Properties would be engaged in (or be developed to engage in, operate, manage, hold, invest or otherwise be interested in) shopping malls or markets which conduct the sale of agricultural produce in the PRC which may directly or indirectly compete with the Remaining Business.

### *Conditions precedent for Completion*

The following conditions precedent should have been occurred, fulfilled or waived (as appropriate) on or before 30 June 2016, failing which the Option Deed should be terminated and no party shall have any claim against any of the others, except in respect of any antecedent breach of the terms thereof:

- (a) the occurrence of Unsuccessful Tender;
- (b) the Independent Shareholders' Approval has been obtained in the EGM;
- (c) all relevant licences, permissions, waivers, orders, exemptions, notifications, authorisations, consents, confirmations and approvals from the relevant governmental or regulatory authorities necessary for the consummation and implementation of the transactions contemplated by the Reorganisation and the Option Deed have been obtained, effective and not being revoked;
- (d) no relevant governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restrict or prohibit the implementation of Disposal, Reorganisation or other transactions contemplated under the Option Deed;
- (e) the completion of the Reorganisation in compliance with all applicable laws and regulations;
- (f) all relevant waivers, notifications and consents from any third parties required in relation to the transactions contemplated under the exercise of the Put Option have been obtained, effective and not being revoked;
- (g) the representations and warranties given by the Company as set forth in the Option Deed remain true and accurate as at the date of Completion; and
- (h) the transfer of the relevant intellectual property rights of the Disposal Properties, including the relevant trademarks, patents and copyrights of the Disposal Properties (if any) to the Target Company in accordance with the Option Deed has been completed.

## LETTER FROM THE BOARD

The Purchaser may in its discretion waive any of the conditions set out in paragraphs (f) to (h) above, but no parties to the Option Deed shall have the right to waive any of the conditions set out in paragraph (a) to (e). As at the Latest Practicable Date, condition set out in paragraph (a) above has occurred and fulfilled.

### *Completion*

The Completion is expected to take place by no later than the fifth Business Days immediately after but not including the date on which all conditions precedent for Completion have been occurred, fulfilled or waived (as appropriate), and in any event the Completion should take place by no later than 8 July 2016.

Upon Completion, the Group shall no longer have any interest in the Target Group and the Target Company will no longer be a subsidiary of the Group.

### **B. The Disposal Properties**

The Disposal Properties comprise of: (i) 23 completed Shopping Malls, (ii) 11 Shopping Malls under construction and (iii) 10 Shopping Malls at the planning stage with relevant construction approvals obtained. As at 31 December 2015, the Disposal Properties Payable amounted to approximately RMB9,640 million.

All Disposal Properties are Shopping Malls primarily focused on the sale of apparels and accessories. The Disposal Properties are located in various cities in the PRC including but not limited to Harbin, Shenyang, Guangzhou, Dongguan and Chongqing. The total GFA of the Disposal Properties held by the Group amount to approximately 4.1 million sq.m. and the total GFA of the completed Disposal Properties managed by the Group amount to approximately 1.3 million sq.m..

The Disposal Properties are held and managed by the relevant project companies of the Group in the PRC which, upon the completion of the Reorganisation, shall be indirectly owned by the Target Company and be disposed to the Purchaser at Completion. As such, the Group will no longer hold or manage the relevant Disposal Properties subsequent to the Completion.

# LETTER FROM THE BOARD

Details of each of the Disposal Properties are listed as follows:

Disposal Property(ies)	Location(s)	Project Status	Total GFA held by the Group (sq.m.)	Total GFA managed by the Group (sq.m.)
Harbin Project Phase II	Harbin	Completed	19,413	26,829
Harbin Project Phase III		Completed	2,305	21,015
Harbin Spring Plaza Project		Completed	16,800	16,800
Harbin Project Phase IV		Completed	20,615	37,651
Harbin Project Phase V		Completed	6,969	18,932
Harbin Project Phase VI		Completed	5,243	9,534
Harbin Project Phase VI (尚志大街及十二道街)		Planning	31,500	N/A
Harbin Project Phase I	Harbin	Completed	6,865	15,920
Harbin Project Phase IV (松花江路)		Planning	15,738	N/A
Harbin Project Phase V (文教街)		Planning	10,000	N/A
Heilongjiang Spring Project Phase I		Completed	5,402	11,890
Heilongjiang Spring Project Phase II		Completed	3,999	9,510
Shandong Qingdao Project		Planning	500,000	N/A
Henan Zhengzhou Project Phase II		Planning	350,000	N/A
Shenyang Project Phase I	Shenyang	Completed	73,735	110,500
Shenyang Project Phase II		Completed	40,802	41,490
Liaoning Renhe Project		Completed	57,851	58,612
Shenyang Phase III	Shenyang	Construction	118,058	N/A
Guangzhou Project Phase I		Completed	4,250	47,554
Guangzhou Project Phase II		Completed	41,861	41,861
Wuhan Project	Wuhan	Completed	44,579	69,209
Handan Project	Handan	Completed	67,021	68,027
Putian Project	Putian	Completed	43,194	55,084
Ganzhou Project	Ganzhou	Completed	47,639	59,900
Fushun Project	Fushun	Completed	10,596	10,596
Jinzhou Project	Jinzhou	Completed	40,346	40,765
Anyang Project	Anyang	Completed	23,583	25,310
Yueyang Project	Yueyang	Completed	69,575	81,780
Wuxi Commercial city	Wuxi	Completed	419,911	429,255
Dongguan Humen Project Phase I	Dongguan	Construction	423,890	N/A
Dongguan Humen Project Phase II		Construction	228,000	N/A
Chongqing Banan Project Phase I	Chongqing	Construction	60,669	N/A
Chongqing Dadukou Project Phase I		Construction	40,379	N/A
Hainan Sanya Project	Hainan	Construction	135,190	N/A
Liaoning Anshan Project Phase II	Anshan	Construction	118,000	N/A
Liaoning Anshan Project Phase III		Construction	18,928	N/A
Hebei Qinhuangdao Project Phase I	Qinhuangdao	Construction	23,282	N/A
Hebei Qinhuangdao Project Phase II		Planning	96,718	N/A
Shandong Yantai Project Phase I	Yantai	Construction	30,000	N/A
Shandong Yantai Project Phase II		Planning	56,000	N/A



## LETTER FROM THE BOARD

Disposal Property(ies)	Location(s)	Project Status	Total GFA	Total GFA
			held by the Group (sq.m.)	managed by the Group (sq.m.)
Jiangxi Yingtan Project Phase I	Yingtan	Construction	86,000	N/A
Jiangxi Yingtan Project Phase II		Planning	69,000	N/A
Shenzhen Project	Shenzhen	Planning	160,000	N/A
Guizhou Guiyang Project Phase I	Guiyang	Planning	<u>420,000</u>	<u>N/A</u>
Total:			<u>4,063,906</u>	<u>1,308,024</u>

A detail valuation report of the Disposal Properties is set out in Appendix IV to this circular.

### C. Reorganisation

As at the Latest Practicable Date, the Disposal Properties were indirectly held by a number of BVI subsidiaries of the Company which were wholly-owned by Fine Genius. Subject to obtaining the Independent Shareholders' Approval in the EGM and before the Completion, the Group will undergo a Reorganisation pursuant to which the entire issued share capital in each of these BVI subsidiaries of the Company would be transferred from Fine Genius to the Target Company. As at Latest Practicable Date, each of these BVI subsidiaries indirectly holds the entire interest in the relevant Disposal Properties except for two Disposal Properties in Dongguan Humen of which 10% of its holding company is held by an independent third party. Fine Genius has previously entered into an agreement with such independent third party in 2012 to acquire the aforesaid 10% interest and has prepaid a total of RMB234.2 million in stages to the holder which was determined after arm's length negotiation between the parties. The completion contemplated under the aforesaid agreement was originally scheduled at the fourth quarter of 2012, but due to the then deteriorating market condition as well as the unsatisfactory construction progress of the relevant Disposal Properties, the Company has delayed the payment of the remaining consideration (which amounted to approximately RMB165.8 million) and did not proceed with the completion as provided in the aforesaid agreement. The long-stop date before which the completion shall take place has also expired and there remain uncertainties as to the residual rights and obligations (including the right to acquire such non-controlling interest) subsisting under the relevant agreement. Pursuant to the Reorganisation, the aforesaid will be acknowledged by and assigned to the Target Company before Completion.

As at 31 December 2015, the Target Group had a net liability of approximately RMB10.1 billion due to the Remaining Group (consisting of payables of approximately RMB15.6 billion due to the Remaining Group and receivables of approximately RMB5.5 billion due from the Remaining Group). This net liability shall be capitalized on the date of completion of the Reorganisation in order to clean off any intra-group balances before the Target Group is transferred to the Purchaser pursuant to the Option Deed.



## LETTER FROM THE BOARD

Subject to the completion of the Reorganisation and the fulfillment, occurrence or waiver (as appropriate) of all other conditions precedent to the Completion as stipulated in the Option Deed, upon Completion, the Target Group would be acquired by the Purchaser pursuant to the Disposal.

The particulars of the members of the Target Group are set out in Appendix II to this circular.

### 3. REASONS FOR AND BENEFITS OF THE DISPOSAL

Since 2013, the Shopping Mall Business has encountered difficult operating environment attributable to weaker domestic consumption, an over-supply of newly built commercial property space and increasing competition from e-commerce evolution. The revenue of the Shopping Mall Business derived from the transfer of operation rights of the underground shopping mall units had decreased in the recent years — decreased by 66% to RMB92.7 million in 2013 from RMB270.5 million in 2012, by some further 77% to RMB21.6 million in 2014 and by some further 90% to RMB2.2 million in 2015.

The Group also continued to have suffered substantial net valuation loss on investment properties in respect of the Shopping Mall Business since 2013. Net valuation loss amounted to RMB832.3 million in 2013, RMB1,364.5 million in 2014 and RMB4,441.7 million in 2015. The continuing increase of valuation loss was due in part to the delays in construction of various Shopping Mall projects of the Shopping Mall Business. As disclosed in the 2015 annual report of the Company, the tight cash position of the Company has caused most of the properties under construction either be put on hold or under slower developing progress.

According to the unaudited combined financial information of the Target Group, the net loss (both before and after taxation and extraordinary items) of the Target Group for the two years ended 31 December 2015 is set out below:

	<b>For the financial year ended</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2014</b>	<b>2015</b>
	<i>(RMB'000</i>	<i>(RMB'000</i>
	<i>approx.)</i>	<i>approx.)</i>
Net loss before taxation	(1,307,862)	(4,519,424)
Net loss after taxation	(1,146,418)	(3,483,116)

The Board believes that the outlook of the commercial property sector in the PRC and consequentially the Shopping Mall Business will remain challenging under the current operating conditions in the PRC, especially in light of the trends of wholesale and retail consumption shifting away from physical shopping space towards online channels as e-commerce evolves.

Meanwhile, the Group has completed the acquisition of Yield Smart Limited on 27 July 2015 and since then commenced the operation of Agricultural Market Business. The revenue attributable to the Agricultural Market Business during the period from 27 July 2015 to 31

## LETTER FROM THE BOARD

December 2015 amount to RMB386.6 million, which represent 44.4% of the revenue of the Group for the year ended 31 December 2015. The agriculture sector is one of the most supported industries by the PRC Government and there are enormous potential business opportunities. As such, the Company is confident and positive on the outlook of Agricultural Market Business.

As a result, in light of the financial needs of the Group arising from the non-fulfillment of the Condition Subsequent and the Financial Covenant and the consequential potential acceleration of the Syndicated Loan and cross-defaults of other loan(s) of the Group, and that the result of the Tender was not satisfactory, the Board considered that the Disposal would be in the interest of the Company and the Shareholders, as such Disposal would enable the Company to obtain additional cash resources in the most timely manner to meet the potential immediate repayment obligation of the indebtedness of the Group, while retaining the profitable segment of the Group's business, namely the Agricultural Market Business, at the same time. The Group will retain a total of nine projects with approvals for construction which may potentially be planned and developed into shopping malls focusing on the sale of agricultural produce. Please refer to the paragraph headed "Letter from the Board — 6. FUTURE STRATEGY AND BUSINESS FOCUS OF THE REMAINING GROUP" of this circular for further details on the Group's future business strategy subsequent to the Disposal.

#### **4. FINANCIAL EFFECT OF THE GROUP SUBSEQUENT TO THE DISPOSAL**

As illustrated in the unaudited pro forma financial information of the Remaining Group as set out in appendix III to this circular, following the Completion, the total asset of the Group will be reduced from approximately RMB38.2 billion to approximately RMB14.5 billion for the Remaining Group and the total liabilities of the Group will be reduced from approximately RMB16.6 billion to approximately RMB6.9 billion for the Remaining Group. Further, the proceeds from the Disposal will be applied to repay all of the offshore indebtedness of approximately RMB4.9 billion. Upon Completion, the earnings attributable to the Target Group will no longer be consolidated in the consolidated financial statements of the Remaining Group, and the Remaining Group's earnings will primarily be derived from the Agricultural Market Business. For illustration, based on the unaudited pro forma consolidated statement of profit or loss of the Remaining Group as set out in appendix III to this circular, the revenue will be reduced from approximately RMB870.7 million for the year ended 31 December 2015 for the Group to approximately RMB386.6 million for the Remaining Group.

With reference to the Consideration of USD1,000 million (equivalent to approximately RMB6.5 billion) and the Disposal NAV of approximately RMB20.5 billion, as a result of the Disposal, the Company shall incur an expected loss of approximately RMB14.1 billion. Shareholders should note that the expected disposal loss is shown for reference only and the amount of disposal loss eventually to be recognised in the consolidated accounts of the Company depends on the financial position of the Target Group as at the date of Completion.

#### **5. USE OF PROCEEDS**

All proceeds from the Disposal pursuant to the exercise of the Put Option by the Company will primarily be applied towards the repayment of all offshore indebtedness of the Group. The remaining balance will be applied to the Remaining Business including the

## LETTER FROM THE BOARD

potential development of e-commerce trading platform for agricultural produce and the future development of the Agricultural Market Business, as well as other general working capital purposes.

### 6. FUTURE STRATEGY AND BUSINESS FOCUS OF THE REMAINING GROUP

Subsequent to the Disposal, the Group will engage in the Remaining Business which consists of:

- (a) the Shopping Mall Business — subsequent to the Disposal, the key assets for this business segment would contain nine projects with approval for construction (as well as any other future new projects) which could potentially be developed into Shopping Malls focusing on the sale of agricultural produce; and
- (b) the Agricultural Market Business.

Further, the Group is also seeking to develop the e-commerce trading platform for the wholesale and retail of agricultural produce with a view to tapping online-to-offline opportunities in the PRC's agriculture sector.

The aggregated approved GFA of the abovementioned nine projects amounted to approximately 1.78 million sq.m., details of which are set out as follows:

Remaining projects of the Group subsequent to Disposal	Location	GFA (sq.m.) (note)
Tianjin Project	Tianjin	121,220
Tianjin West Station South Plaza Project		100,000
Hubei Wuhan Xibeihe Project	Wuhan	450,000
Jiangsu Wuxi Taihu Plaza Project	Wuxi	250,000
Hebei Zhangjiakou Project	Zhangjiakou	150,000
Henan Luoyang Project	Luoyang	194,840
Anhui Wuhu Project	Wuhu	150,000
Yunnan Kunming Project	Kunming	200,000
Jiangxi Nanchang Bayi Tunnel Project	Nanchang	<u>162,000</u>
	<b>Total:</b>	<b><u><u>1,778,060</u></u></b>

*Note:* The total GFA refers to the maximum gross floor area permitted for development under the relevant licences and approvals issued by the PRC authorities in respect of such project sites.

Subsequent to the Disposal, the Company aims to strategically focus on business areas related to the sale of agricultural products. The Company believes that the Group is well positioned to further develop the Remaining Business, given its established expertise from the Shopping Mall Business and the Agricultural Market Business in relation to commercial

## LETTER FROM THE BOARD

property operation and management and sale of agricultural produce. Following the completion of the Disposal, it is expected that management will be able to better focus its attention on developing the strategic growth areas in the Remaining Business.

Please refer to the paragraph headed “Appendix I — Financial Information of the Group — D. Financial and Trading Prospect of the Remaining Group” for further discussion in this regard.

### **7. INFORMATION OF THE GROUP AND THE TARGET GROUP**

#### **A. Information of the Group**

The Group is principally engaged in (i) the Shopping Mall Business; and (ii) Agricultural Market Business.

As at 31 December 2015, the Group managed 22 malls across 12 cities in the PRC with a total GFA of approximately 1.27 million sq.m. under management and leasable GFA amounts to approximately 0.87 million sq.m.. The Group’s project reserved stand at approximately 4.81 million sq.m., which includes 12 projects with total planned GFA of approximately 1.32 million sq.m. where construction has been commenced, and also 19 projects with a total approved GFA of approximately 3.49 million sq.m. which the Group has received approvals for the construction. One of the project under construction, namely Guangzhou Project Phase II, was subsequently completed and commenced in operation in the first quarter of 2016.

As disclosed in the announcement of the Company dated 27 July 2015, the Group has completed the acquisition of the entire issued share capital of Yield Smart Limited and since then the Group is also engaged in the Agricultural Market Business. As at 31 December 2015, the Group operated a total of eight agricultural produce wholesale markets across six cities in the PRC.

#### **B. Information of the Target Company and the Target Group**

The Target Company is an investment company incorporated in the BVI with limited liability and wholly-owned by Fine Genius and an indirectly wholly-owned subsidiary of the Company immediately before Completion. Upon completion of the Reorganisation, the Target Company shall hold all the shares in each of the relevant BVI subsidiaries of the Company indirectly interested in the Disposal Properties and upon Completion, the entire issued share capital of the Target Company would be transferred to the Purchaser.

### **8. INFORMATION OF THE PURCHASER**

The Purchaser is an investment holding company incorporated in the BVI with limited liability and is wholly-owned by Mr. Dai. Mr. Dai is the controlling shareholder of the Company who (together with his associates) is interested in aggregate of 64.92% of the issued share capital of the Company, and therefore the Purchaser and Mr. Dai are connected persons as defined in the Listing Rules.

## LETTER FROM THE BOARD

### 9. LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal contemplated under the Option Deed exceeds 75%, such Disposal constitutes a very substantial disposal for the Company and is therefore subject to the requirements of reporting, announcement and Shareholders' approval pursuant to Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Mr. Dai is the Director and is interested (or deemed to be interested) in approximately 64.92% in the issued share capital of the Company, Mr. Dai is a connected person of the Company as defined under the Listing Rules.

The Purchaser is wholly-owned by Mr. Dai and as a result the Purchaser is an associate of Mr. Dai and the Disposal contemplated under the exercise of Put Option therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, which is subject to, among other things, the Independent Shareholders' Approval in the EGM.

### 10. EGM

A notice of the EGM to be held at Chatham Room, Level 7, Conrad Hong Kong, One Pacific Place, 88 Queensway, Admiralty, Hong Kong, on Wednesday, 18 May 2016 at 3:15 p.m. is set out on pages EGM-1 to EGM-2 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending, and voting in person at the EGM or any adjournment thereof if you so desire and, in such event, the instrument appointing a proxy will be deemed to be revoked.

In order to determine the list of shareholders who will be entitled to attend and vote at the EGM, the register of members of the Company will be closed for registration of transfer of Shares from 16 May 2016 to 18 May 2016 (both days inclusive) during which period no transfer of Shares will be effected. Shareholders whose names appear on the register of members of the Company on 18 May 2016 shall be entitled to attend and vote at the EGM. In order for the Shareholders to qualify for attending and voting at the EGM, all transfer documents, accompanied by the relevant Share certificates, should be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m., 13 May 2016.

## **LETTER FROM THE BOARD**

### **11. VOTING AT THE EGM AND BOARD MEETING**

As the Purchaser is wholly-owned by Mr. Dai, who is a connected person to the Company under the Listing Rules, accordingly, the Purchaser is a connected person of the Company under the Listing Rules and the Disposal also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' Approval requirements under Chapter 14A of the Listing Rules. Mr. Dai and his associates are required to abstain from voting on the resolution(s) approving the Disposal at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders of a general meeting must be taken by poll. As such, all resolutions to be proposed at the EGM will be conducted by way of poll.

Mr. Dai, Ms. Zhang Xingmei, Mr. Dai Bin and Mrs. Hawken Xiu Li have abstained from voting and were not counted in the quorum present at the board meeting approving the Disposal and transactions contemplated thereunder due to the potential interests they have therein under Rule 13.44 of the Listing Rules

### **12. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all of the independent non-executive Directors of the Company has been established to advise the Independent Shareholders regarding the terms and conditions of the Option Deed and the Disposal contemplated under the Put Option.

The Company has, with the approval of the Independent Board Committee, appointed Amasse Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms and conditions of the Option Deed and the Disposal contemplated under the exercise of the Put Option are fair and reasonable, and whether it is in the interests of the Company and the Shareholders as a whole.

### **13. RECOMMENDATION**

The Independent Board Committee, having considered the terms and conditions of the Option Deed, the Put Option and the Disposal contemplated under the exercise of the Put Option and after taking into account the advice from the Independent Financial Adviser, considers that the terms and conditions of the Option Deed are fair and reasonable, and that the Disposal and Reorganisation contemplated under the exercise of the Put Option are in the interests of the Company and the Shareholders as a whole.

The Directors accordingly recommends that the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Option Deed and the Disposal and Reorganisation contemplated under the exercise of the Put Option.

The text of the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular.

## LETTER FROM THE BOARD

The text of the letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders with regard to the Option Deed, the Put Option, the Disposal and the transactions contemplated under the exercise of the Put Option and the principal factors and reasons which it has taken into account in arriving at its advice, is set out on pages IFA-1 to IFA-23 of this circular.

### **14. ADDITIONAL INFORMATION**

Your attention is drawn to other sections of and appendices to this circular, which contain further information on the Group, the Target Group, the Disposal Properties and the Remaining Group and other information required to be disclosed under the Listing Rules.

### **15. WARNING**

The Disposal is subject to a number of conditions, including but not limited to the Independent Shareholders' Approval to be obtained in the EGM, which may or may not be fulfilled. In the event that any of the conditions precedent to the Completion is not fulfilled, occurred or waived (as appropriate), the Disposal will not proceed.

**SHAREHOLDERS OF THE COMPANY AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN THEY DEAL OR CONTEMPLATE DEALING IN THE SHARES OR OTHER SECURITIES (IF ANY) OF THE COMPANY.**

Yours faithfully,  
For and on behalf of the Board of  
**Renhe Commercial Holdings Company Limited**  
**Dai Yongge**  
*Chairman*





**Renhe Commercial Holdings Company Limited**

**人和商業控股有限公司\***

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

**(Stock Code: 1387)**

29 April 2016

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION  
AND  
(2) NOTICE OF EGM**

We refer to the circular dated 29 April 2016 issued by the Company of which this letter forms part of (the “Circular”). Capitalised terms used in this letter shall have the same meaning as those defined in the Circular unless otherwise specified.

We have been authorized by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders in respect of the Option Deed and the Disposal contemplated under the exercise of the Put Option, details of which are set out in the section headed “Letter from the Board” contained in the Circular.

We wish to draw your attention to the letter from the Board set out on pages 6 to 21 of the Circular and the letter of advice from Amasse Capital Limited, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Option Deed and the Disposal contemplated under the exercise of the Put Option, set out on pages IFA-1 to IFA-23 of the Circular.

Having considered, among other matters, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as stated in its letter of advice, we consider that the terms and conditions of the Option Deed and the Disposal contemplated thereunder are fair and reasonable, and the Disposal and other transactions contemplated under the exercise of the Put Option including the Reorganisation are in the interests of the Company and the Shareholders as a whole.

\* For identification purposes only



<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b>
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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM in respect of the Option Deed, the exercise of Put Option and the Disposal and other transactions contemplated under the exercise of the Put Option including the Reorganisation.

Yours faithfully,  
for and on behalf of the  
Independent Board Committee  
**Renhe Commercial Holdings Company Limited**  
**Fan Ren-Da, Anthony**  
**Wang Shengli**  
**Wang Yifu**  
**Leung Chung Ki**  
**Tang Hon Man**  
*Independent non-executive Directors*



29 April 2016

*To the Independent Board Committee and the Independent Shareholders*

Dear Sirs,

## **VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION**

### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms and conditions of the Option Deed and the Disposal contemplated under the exercise of the Put Option, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 29 April 2016 (the “**Circular**”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 18 March 2016, the Purchaser had entered into the Option Deed with the Company pursuant to which the Company was granted a Put Option to sell the entire issued share capital of the Target Company for a cash consideration of US\$1,000 million (approximately RMB6,500 million), which is equivalent to the Complete Disposal Minimum Price under the Tender. The Target Company, upon the completion of the Reorganisation, shall hold all the relevant subsidiaries of the Company which in turn holds the Disposal Properties. Upon Completion, the Purchaser should acquire the Target Group including the Disposal Properties Payable accrued up to and including the date of Completion (amounted to approximately RMB9,640 million as at 31 December 2015).

As stated in the Letter from the Board, the Company has exercised the Put Option on 18 March 2016 and the Completion contemplated thereunder is subject to the conditions precedent stated in the Option Deed have been occurred, fulfilled or waived (as appropriate) which includes, among others, the occurrence of the Unsuccessful Tender and the completion of Reorganisation. In light of the result of the Tender, the Unsuccessful Tender has occurred as at the Latest Practicable Date.

The Independent Board Committee comprising all of the independent non-executive Directors, has been established for the purpose of considering and advising the Independent Shareholders regarding the terms and conditions of the Option Deed and the Disposal contemplated under the exercise of the Put Option. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

## **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (the “**Management**”). We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Disposal. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular as a whole misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Disposal or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Disposal. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no

obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaims any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

## **PRINCIPAL FACTORS TAKEN INTO CONSIDERATION**

In formulating our opinion in respect of the terms and conditions of the Option Deed and the Disposal contemplated under the exercise of the Put Option, we have taken into consideration the following principal factors and reasons:

### **1. Information on the Group, the Disposal Properties and the Remaining Group**

#### *1.1 Information on the Group*

The Group is principally engaged in (i) the Shopping Mall Business and (ii) Agricultural Market Business.

As at 31 December 2015, the Group managed 22 malls across 12 cities in the PRC with a total GFA of approximately 1.27 million sq.m. under management and leasable GFA amounts to approximately 0.87 million sq.m.. The Group's project reserved stand at approximately 4.81 million sq.m., which includes 12 projects with total planned GFA of approximately 1.32 million sq.m. where construction has been commenced, and also 19 projects with a total approved GFA of approximately 3.49 million sq.m. which the Group has received approvals for the construction. One of the projects under construction, namely Guangzhou Project Phase II, was subsequently completed and commenced in operation in the first quarter of 2016. As disclosed in the announcement of the Company dated 27 July 2015, the Group has completed the acquisition of the entire issued share capital of Yield Smart Limited and since then the Group is also engaged in the Agricultural Market Business. As at 31 December 2015, the Group operated a total of eight agricultural produce wholesale markets across six cities in the PRC.

## LETTER FROM AMASSE CAPITAL LIMITED

Set out below is a summary of the financial information of the Group as extracted from the annual report of the Company for the year ended 31 December 2014 (the “**2014 Annual Report**”) and the annual report of the Company for the year ended 31 December 2015 (the “**2015 Annual Report**”), details of which are as follows:

	<b>For the year ended 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Audited)</i>	<i>(Audited)</i>
<b>Revenue</b>		
— Operating lease	533,708	583,483
— Transfer of operation rights	21,649	2,186
— Commission income	—	285,017
<i>Total revenue</i>	555,357	870,686
Gross profit	543,532	869,455
Loss before tax	1,875,941	5,537,381
Loss after tax	1,714,543	4,536,753

For the year ended 31 December 2015, the Group recorded a revenue of approximately RMB583 million as compared to a revenue of approximately RMB534 million for the year ended 31 December 2014, representing an increase of approximately 9%. The Group has recorded a loss after tax for the year ended 31 December 2015 of approximately RMB4,537 million as compared to a loss after tax for the year ended 31 December 2014 of approximately RMB1,715 million, representing an increase of approximately 165%. According to the 2015 Annual Report, the said losses were mainly due to the net valuation loss on the investment properties of the Group, from approximately RMB1,364.5 million for the year ended 31 December 2014 to approximately RMB4,441.7 million for the year ended 31 December 2015, representing an increase of approximately 225.5%.

We note that the Group recorded consecutive losses attributable to the Shareholders for the two years ended 31 December 2014 and 2015.

### *1.2 Information on the Disposal Properties*

The Disposal Properties comprise of: (i) 23 completed Shopping Malls, (ii) 11 Shopping Malls under construction and (iii) 10 Shopping Malls at the planning stage with relevant construction approvals obtained. As at 31 December 2015, the Disposal Properties Payable amounted to approximately RMB9,640 million.

All Disposal Properties are Shopping Malls primarily focused on the sale of apparels and accessories. The Disposal Properties are located in various cities in the PRC including but not limited to Harbin, Shenyang, Guangzhou, Dongguan and Chongqing. The total

## LETTER FROM AMASSE CAPITAL LIMITED

GFA of the Disposal Properties held by the Group amount to approximately 4.1 million sq.m. and the total GFA of the completed Disposal Properties managed by the Group amount to approximately 1.3 million sq.m..

The Disposal Properties are held and managed by the relevant project companies of the Group in the PRC which, upon the completion of the Reorganisation, shall be indirectly owned by the Target Company and be disposed to the Purchaser at Completion pursuant to the Disposal. As such, the Group will no longer hold or manage the relevant Disposal Properties subsequent to Completion.

### *1.3 Information on the Remaining Group*

Subsequent to the Disposal, the Remaining Group will engage in the Remaining Business which consists of:

- (a) the Shopping Mall Business — the key assets for this business segment would contain nine projects with approval for construction (as well as any other future new projects) which could potentially be developed into Shopping Malls focusing on the sale of agricultural produce; and
- (b) the Agricultural Market Business.

Further, the Group is also seeking to develop the e-commerce trading platform for the wholesale and retail of agricultural produce.

The Company aims to strategically focus on business areas related to the sale of agricultural produce. The Company believes that the Group is well positioned to further develop the Remaining Business, given its established expertise from the Shopping Mall Business and the Agricultural Market Business in relation to commercial property operation and management and sale of agricultural produce. Following the completion of the Disposal, it is expected that management will be able to better focus its attention on developing the strategic growth areas in the Remaining Business.

## **2. Reasons for and benefits of the Disposal and use of proceeds**

As extracted from the Board Letter and as advised by the Management, the primary reasons for and benefits of the Disposal are as follows:

1. the Shopping Mall Business has encountered difficult operating environment attributable to weaker domestic consumption, an over-supply of newly built commercial property space and increasing competition from e-commerce evolution. The revenue of the Shopping Mall Business derived from the transfer of operation rights of the underground shopping mall units had decreased in the recent years — decreased by 66% to RMB92.7 million in 2013 from RMB270.5 million in 2012, by some further 77% to RMB21.6 million in 2014 and by some further 90% to RMB2.2 million in 2015;

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2. the Group also continued to have suffered substantial net valuation loss on investment properties in respect of the Shopping Mall Business since 2013. Net valuation loss amounted to RMB832.3 million in 2013, RMB1,364.5 million in 2014 and RMB 4,441.7 million in 2015. The continuing increase of valuation loss was due in part to the delays in construction and the slow developing progress of various Shopping Mall projects of the Shopping Mall Business in light of the tight cash position of the Company;
3. the Target Group had recorded consecutive losses of approximately 1,146 million and 3,483 million for the two years ended 31 December 2014 and 2015 respectively;
4. the outlook of the commercial property sector in the PRC and consequentially the Shopping Mall Business will remain challenging under the current operating conditions in the PRC, especially in light of the trends of wholesale and retail consumption shifting away from physical shopping space towards online channels as e-commerce evolves;
5. the Company is confident and positive on the outlook of Agricultural Market Business and is of the view that the agriculture sector is one of the most supported industries by the PRC Government and there are enormous potential business opportunities; and
6. in light of the financial needs of the Group arising from the non-fulfillment of the Condition Subsequent and the Financial Covenant and the consequential potential acceleration of the Syndicated Loan and cross-defaults of other loan(s) of the Group, and that the result of the Tender was not satisfactory, the Board considered that the Disposal would be in the interest of the Company and the Shareholders, as such Disposal would enable the Company to obtain additional cash resources in the most timely manner to meet the potential immediate repayment obligation of the indebtedness of the Group, while retaining the profitable segment of the Group's business, namely the Agricultural Market Business, at the same time.

Further as stated in the Letter from the Board, all proceeds from the Disposal will primarily be applied towards the repayment of all offshore indebtedness of the Group of approximately RMB4,940 million, with the remaining balance of approximately RMB1,560 million to be applied to the potential development of e-commerce trading platform for agricultural produce and the future development of the Agricultural Market Business, and other general working capital purposes, of which:

- i. approximately RMB800 million is intended for the potential development of a brand new e-commerce trading platform for agricultural produce, including the establishment of relevant hardware infrastructure (e.g. data processing server) and software applications (e.g. mobile applications and online payment/trading systems), the recruitment of the relevant technicians and specialists to develop and subsequently operate such e-commerce trading platform, and the relevant marketing and promotion activities;



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- ii. approximately RMB300 million is intended for the further development of the Agricultural Market Business, including the upgrade of certain existing trading and settlement systems implemented in the agricultural produce wholesale markets, enhancement of value-added services to the market users, and marketing and promotion of the agricultural produce wholesale markets; and
- iii. the remaining RMB460 million for general working capital purpose including staff cost and administrative expenses.

As discussed with the Management, we understand that approximately RMB800 million is planned for developing and promoting a brand new e-commerce platform in the next 2–3 years. This new e-commerce platform aims to serve all the players along the agricultural value chain, from farmers to consumers, by providing an efficient platform for selling and buying agricultural produce in the PRC. The ultimate target is to enhance the efficiency of the distribution sector of agricultural produce in the PRC. The intended utilizations of such proceeds, among others, are as follows:

- i. Recruitment and formation of a new team of information technology professionals and specialists with internet working experience;
- ii. Research and development in hardware infrastructure and software applications, including mobile apps, web-based interface, online payment system, online trading system, etc; and
- iii. Promotion and marketing of the new e-commerce platform, including extra market staff, training, advertisements through different media and channels, promotional subsidies, etc.

We were also being advised that approximately RMB300 million is planned for upgrading the existing 8 agriculture markets in the next 3 years. The intended utilizations of such proceeds, among others, are as follows:

- i. Upgrade some of the existing markets' settlement/payment system;
- ii. Enhance valued-services to retain users, e.g. installing customer relationship management system; and
- iii. Marketing and promotions to upstream players along the value chain to enlarge existing customer base.

Further, we note that the remaining RMB460 million is intended for general working capital, including but not limited to staff cost and other operating and administrative expenses.

Having taken into account the above, we are of the view that the intended allocations and utilizations of the said proceeds will enable the Group to possess sufficient funds to support a stable development of the Agricultural Market Business in the short term in order to capture the positive prospect of such business in the PRC which is in line with the strategic development of the Company following Completion of the Disposal.



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We were given by the Management to understand that proceeds from the Disposal will primarily be applied towards the repayment of all offshore indebtedness of the Group due to (i) such indebtedness which amounts to an aggregate of approximately RMB4,940 million will be due for repayment in short to medium term, i.e. within the coming 6 months; and (ii) the potential immediate repayment obligation of such indebtedness as a result of the non-fulfilment of the Condition Subsequent and the Financial Covenant.

Following Completion, the Group will engage in the Remaining Business which consists of (a) the Shopping Mall Business — subsequent to the Disposal, the key assets for this business segment would contain nine projects with approval for construction (as well as any other future new projects) which could potentially be developed into Shopping Malls focusing on the sale of agricultural produce; and (b) the Agricultural Market Business. Further, the Group is also seeking to develop the e-commerce trading platform for the wholesale and retail of agricultural produce with a view to tapping online-to-offline opportunities in the PRC's agriculture sector.

In light of (i) the urgency of fund raising needs in order to repay the aforesaid indebtedness which will be due for repayment within the coming 6 months or potential immediate repayment, and consequently may possibly result in cross default in other borrowings; and (ii) the positive outlook of the Agricultural Market Business and e-commerce business in the PRC as illustrated by the statistics and favourable supports from the PRC government as discussed in paragraphs headed “2.1 Overview of the Shopping Mall Business in the PRC” and “2.2 Overview of the Agricultural Market Business in the PRC” below, we are of the view that the use of proceeds from the Disposal by the Company is fair and reasonable.

### *2.1 Overview of the Shopping Mall Business in the PRC*

As published by 中華人民共和國國家統計局 (National Bureau of Statistics of the PRC\*), (i) the household consumption expenditure in the PRC had recorded approximately RMB10,900, RMB13,100, RMB14,700, RMB16,200 and RMB17,800 for the years ended 2010, 2011, 2012, 2013 and 2014 respectively, representing year-on-year growth of approximately 20.2%, 12.2%, 10.2% and 9.8% over each of the corresponding years; and (ii) the total sales value of wholesale and retail trades in the PRC had recorded approximately RMB27,700 billion, RMB36,100 billion, RMB41,100 billion, RMB49,700 billion and RMB54,100 billion for the years ended 2010, 2011, 2012, 2013 and 2014 respectively, representing year-on-year growth of approximately 30.3%, 13.9%, 20.9% and 8.8% over each of the corresponding years. We note that there had been a decreasing trend in growth for both the household consumption expenditure and the total sales value of wholesale and retail trades in the PRC.

Moreover, as published by 中國房地產信息網 (China Real Estate Information\*) and 中華人民共和國國家統計局 (National Bureau of Statistics of the PRC\*), the investment in commercial real estate in the PRC had recorded approximately RMB742 billion, RMB931 billion, RMB1,194 billion, RMB1,435 billion and RMB1,461 billion for the years ended 2011, 2012, 2013, 2014 and 2015 respectively, representing year-on-year growth of approximately 25.5%, 28.2%, 20.2% and 1.8% over each of the corresponding

years. We note that there had been a decreasing trend in growth for the investment in commercial real estate in the PRC and it had dropped to single-digit growth in the latest financial year.

Further, according to 《中國互聯網路發展狀況統計報告》 (The report of the development of the internet network in the PRC\*) issued by China Internet Network Information Center in January 2015 and 2016, (i) the total number of internet users in the PRC were approximately 618 million, 649 million and 688 million for the years ended 2013, 2014 and 2015 respectively, representing year-on-year growth of approximately 5.0% and 6.0% over each of the corresponding years; and (ii) the total number of internet shoppers in the PRC were approximately 301 million, 361 million and 413 million for the years ended 2013, 2014 and 2015 respectively, representing year-on-year double-digit growth of approximately 19.9% and 14.4% over each of the corresponding years.

In addition, according to 《關於落實《政府工作報告》重點工作部門分工的意見》 (Opinions on the implementation of division of work under the report on the work of the government\*) issued by the State Council of the PRC in March 2015, the PRC government planned to, among others, (i) formulate the “Internet Plus” action plan; (ii) promote the integration of modern manufacturing industry and mobile internet, cloud computing, big data and internet of things; (iii) encourage the development of e-commerce business; and (iv) guide the expansion of internet enterprises into international market. We are of the view that these supports from the PRC government will stimulate growth and development in the e-commerce business in the PRC which is considered as a direct competition to the business model of the Shopping Mall Business that mainly involves in physical shopping experience, and hence may impact on the performance and the prospect of the Shopping Mall Business.

Having considered the above, we concur with the Directors that there are uncertainties over the Shopping Mall Business in the PRC due to weaker domestic consumption and the challenging environment under the wholesale and retail sectors in the PRC relating to the Shopping Mall Business.

## *2.2 Overview of the Agricultural Market Business in the PRC*

According to (i) 中央一號文件 (The PRC government document number 1\*) titled “關於落實發展新理念加快農業現代化實現全面小康目標的若干意見 (Regarding the opinions for the acceleration of the development and full implementation of the modernization of agriculture\*)” issued by Xinhua News Agency as authorized by the PRC government in January 2016; and (ii) 政府工作報告 (The PRC government working report\*) as published by the State Council of the PRC in March 2016, we note that it has highlighted, among others, (i) the continuous development of the modern agriculture foundation; (ii) the enhancement of the efficiency, quality and competitiveness of the agriculture; (iii) the promotion of farmers’ income by integrating with traditional agriculture; (iv) the promotion of collaborated development of the city and countryside and the enhancement in the development standard of new agriculture village; (v) the

promotion of the agriculture village revolution to strengthen the development momentum of local agriculture village; and (vi) the promotion of the development of e-commerce agriculture.

Looking forward based on the supportive PRC policies and development plan for the agriculture sector as mentioned above, we concur with the Directors that the agriculture sector is one of the most supported industries by the PRC government and the outlook of the Agricultural Market Business is promising and filled with potential business opportunities.

### *2.3 Assessment on the financial needs of the Group*

As stated in the Announcements, Fine Genius Enterprises Limited, a wholly-owned subsidiary of the Company, as the borrower, entered into the Syndicated Loan Agreement on 24 November 2014 pursuant to which it has given undertakings in relation to the Financial Covenant and the Condition Subsequent. Temporary waivers have been requested in relation to each of these undertakings with an expiry scheduled for 31 December 2015 and Fine Genius Enterprises Limited has also been seeking waivers, consents and extensions from the Syndicated Lenders for fulfilment of the Financial Covenant and Condition Subsequent. As advised by the Management, the Group has not yet received any formal notice of default or acceleration of the Syndicated Loan as of the Latest Practicable Date. If the waivers, consents and extensions sought by Fine Genius Enterprises Limited are not granted, the requisite majority of the Syndicated Lenders may at any time by notice to Fine Genius Enterprises Limited require the Syndicated Loan to be accelerated and immediate repayment of the Syndicated Loan to be made prior to its original repayment date. An acceleration of the Syndicated Loan may trigger a cross default of other loan(s) and/or bond(s) of the Group, and result in the Group being under an immediate repayment obligation of all such loan(s) and/or bond(s). Due to the Group's continuing non-fulfillments of the Condition Subsequent and the Financial Covenant, the Company had commenced the sale of the Disposal Properties by way of Tender in order to address the financial needs arising from the potential acceleration of the Syndicated Loan and consequentially the potential cross-default of cross-defaults of other loans of the Group as a result.

As advised by the Management, as at 29 February 2016, the Group had outstanding borrowings in an aggregate amount of approximately RMB7,936 million. Nonetheless, as at the same date, the Group only had free cash of approximately RMB464 million. A substantial amount of the Group's borrowings amounting to an aggregate of (i) approximately RMB4,734 million will be due for repayment on or before 30 June 2016; (ii) approximately RMB4,798 million will be due for repayment on or before 30 September 2016; and (iii) approximately RMB5,868 million will be due for repayment on or before 31 December 2016.

We note that the above borrowings of the Group have put the Group under immense financial pressure to obtain immediate cash and financial resources and support in order to fund its cash flow requirements in the short term and to improve its financial condition in the medium to long term. Furthermore, we are of the view that without the proceeds from

the Disposal, the Group will be under serious liquidity stress and consequently may lead to default in repayment of the significant amount of borrowings and breach of contracts/agreements and may possibly result in cross default in other borrowings, hence putting the Group at high liquidity and operational risk. Should the Group fail to obtain external financing, it would be required to generate internally through, without limitation to, liquidating the assets of the Group. However, there is no guarantee that the assets of the Group could be sold at market price, or at all, or within a short period so as to meet the financial needs of the Group promptly.

Therefore, we consider that the Disposal will provide an immediate source of funds to enhance its cash flow in the short term and would allow the Group to relieve from such financial pressure and risk and is favourable to the Group.

#### *2.4 The Tender conducted by DTZ*

As stated in the announcement of the Company dated 25 February 2016, DTZ | Cushman & Wakefield (“DTZ”) has been appointed as the sole agent of the Tender to advise the Company on the proposed disposal of Disposal Properties under the Tender. The Tender was subsequently commenced and was closed on 20 April 2016 and as stated in the announcement of the Company dated 21 April 2016, no letter of interest has been received on or before the Tender Closing Date.

We have discussed with the Management and have reviewed the strategies and arrangements of the Tender. We were given to understand that in the past few months, DTZ had been actively, among others, (i) sending marketing materials to more than 100 institutional investors including asset management companies, insurance companies, private equity real estate funds and property developers; (ii) encouraging potential and target buyers to conduct site inspections of any of the Disposal Properties accompanied by DTZ’s team; (iii) arranging marketing campaign meetings with potential and target buyers; and (iv) exploring new pool of potential and target investors. However, the response rate was low despite the continuous efforts made by DTZ and the Company did not receive any letter of interest under the Tender eventually. The Management understood from DTZ that the negative market sentiment towards the Disposal Properties were attributable to, among others: (i) the lack of property title of the Disposal Properties which are civil air defense shelters; (ii) most of the Disposal Properties are not located in tier-one cities in the PRC; (iii) certain target buyers could only proceed the acquisition with an onshore structure; (iv) the negative market outlook of the retail and commercial property market in the PRC; and (v) the level of rental income derived from the Disposal Properties were not attractive from an investment perspective.

## *2.5 Financing alternatives to the Group*

As advised by the Management, the Company has considered other fund raising methods such as rights issue or open offer, and debt financing and considered that the Disposal is preferable for the following reasons:

- (a) it would be difficult for financial institutions to provide facility up to such a substantial amount to the Group as proposed under the Disposal and debt financing would inevitably increase the financial costs of the Group; and with respect to the debt financing and/or bank borrowings, it may be subject to lengthy due diligence and negotiations, given that the Group recorded consecutive losses for the two years ended 31 December 2014 and 2015 and the weak financial position of the Group. Further, given the liquidity stress faced by the Group, debt financing would incur interest expenses and impose additional financial burden to the Group's future cash flow; and
- (b) with respect to a pre-emptive issue such as rights issue and open offer, given the Group's loss making performance, the low-level of the share price of the Company, the weak financial position and the uncertainty and possible adverse effect to be imposed by the potential acceleration of Syndicated Loan and cross-default of other loan(s) of the Group, the Group considered that it would be challenging to find an underwriter to conduct a pre-emptive issue at favorable terms to the Group and to issue sufficiently large number of new shares to raise such substantial amounts. In addition, as compared to the Disposal, a pre-emptive issue would require a relatively longer time to carry out which is considered to be unfavorable to the Company given the urgent need of capital by the Group.

In light of the above, we concur with the Directors that there are no other best available financing alternatives for the Group to consider other than the Disposal at the relevant time. In addition, taking into consideration that (i) the Disposal provides a good opportunity to raise substantial amounts of funds for the Group in a timely manner; (ii) the occurrence of the Unsuccessful Tender which the Company was unable to secure any potential investors to enter into any legally binding agreement nor reach any material terms for the purpose of the Tender at the relevant time; (iii) the Disposal is able to relieve the Group from undesirable risk exposure, contingent liabilities and uncertainties caused by the aforementioned, we therefore consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

### **3. Principal Terms of the Option Deed**

#### ***Date***

18 March 2016

#### ***Parties***

- (1) the Purchaser; and
- (2) the Company.

#### ***Subject Matter***

The Company was granted a Put Option to sell the entire issued share capital of the Target Company to the Purchaser at the Consideration, which is equivalent to the Complete Disposal Minimum Price under the Tender. Upon the completion of Reorganisation, the Target Company should hold all the relevant offshore subsidiaries of the Company indirectly interested in the Disposal Properties.

Upon Completion, the Purchaser will acquire the Target Company including the Disposal Properties Payable accrued up to and including the date of Completion. As at 31 December 2015, such Disposal Properties Payable amounted to approximately RMB9,640 million.

The Company has exercised the Put Option as on 18 March 2016, and the Completion is subject to the conditions precedent stated under the Option Deed have been occurred, fulfilled or waived (as appropriate).

#### ***Consideration***

The Consideration for the Disposal shall be US\$1,000 million (equivalent to RMB6,500 million) which should be payable in cash and settled in full upon Completion.

The Consideration has been arrived at after arm's length negotiation between the Purchaser and the Company on the basis that, among other things, the Purchaser is required to offer no less than the Complete Disposal Minimum Price that would have been accepted by the Board in the Completed Disposal Scenario under the Tender.

#### ***Basis of determining the Consideration or the Complete Disposal Minimum Price***

As stated in the Letter from the Board, according to the unaudited combined financial information of the Target Group, the net asset value of the Group amounted to approximately RMB10.2 billion as at 31 December 2015, which has not taken into account the effect of Reorganisation, namely (i) the proposed capitalization of a net liability due to the Remaining Group of approximately RMB10.1 billion and (ii) a prepayment of RMB0.2 billion made by Fine Genius for the purpose of acquiring 10% interest in two Disposal Properties in Dongguan Humen (the “**10% Acquisition**”), the acquisition right of which will be assigned to the Target Group. Such Reorganisation,



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including the capitalization of the net liabilities due to the Remaining Group and the assignment of acquisition right, will be conducted in the same manner regardless of whether the Target Group is to be disposed under the Tender or pursuant to the Disposal under the exercise of Put Option, on the basis that (i) it would not be in the interest of the Group to incur further cost for such remaining 10% interest in the relevant Disposal Properties as 90% interest of such Disposal Properties will be disposed; and (ii) the Target Group should be free of any intra-group balance with the Remaining Group for the purpose of disposing the Target Group to the potential buyers under the Tender or, in the case of Disposal, the Purchaser.

We have discussed with the Management and are given to understand that in implementing the Reorganisation, the Company has considered the following factors:— (i) the Reorganisation was offered in the same manner under the Tender and the Disposal; (ii) the Company intends to maintain a clear cut position from the Shopping Mall Business by disposing the entire interest, rights and obligation in the Disposal Properties, including the prepayment and settlement obligation of the remaining consideration regarding the 10% Acquisition, and by eliminating any intra-group balance with the Remaining Group; and (iii) the Reorganisation was so offered to facilitate and improve the attractiveness of the disposal of the Disposal Properties given the negative outlook in the commercial properties sector in the PRC and negative market sentiment towards Disposal Properties which are underground civil air defense shelters. Accordingly, we concur with the Directors' view that the Reorganisation is reasonable.

The Consideration (or the Complete Disposal Minimum Price) was determined at a significant discount to the Disposal NAV and the market value of the Disposal Properties after taken into consideration of the following factors:

- the amount of sales proceeds necessary to enable the Company to discharge its current offshore indebtedness subject to potential acceleration, being approximately RMB4,940 million comprising of (i) interest bearing loans borrowed by the Group of approximately RMB3,593 million; (ii) offshore debt obligations of approximately RMB 1,237 million assumed by the Company in connection with the acquisition of Agricultural Market Business completed in July 2015; and (iii) interest payables of all offshore indebtedness of approximately RMB110 million;
- the capital need of approximately RMB1,560 million of which approximately RMB800 million is intended for the potential development of e-commerce trading platform for agricultural produce, approximately RMB300 million for the future development of the Agricultural Market Business, with the remaining RMB460 million for other general working capital purposes;
- the Target Group had Disposal Properties Payable which amounted to approximately RMB9,640 million as at 31 December 2015, comprising onshore indebtedness of approximately RMB3,155 million, construction payable of approximately RMB1,637 million and capital commitment of approximately RMB4,848 million;

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- the negative market outlook in relation to the commercial property sector in the PRC and the continuous substantial net valuation loss on the investment properties suffered by the Shopping Mall Business as stated in the paragraph headed “Letter from the Board — 3. REASONS FOR AND BENEFITS OF THE DISPOSAL” of the Circular;
- the general negative market sentiment towards Disposal Properties which are underground civil air defense shelters, particularly that government authorities in the PRC are entitled to take over for use as civilian shelters during times of war; and
- the scale of the Disposal Properties and the timely need of the Group to obtain additional cash resources should there be an acceleration of Syndicated Loan and cross-default of other loan(s) of the Group.

As illustrated by the result of the Tender, no target buyer was willing to offer the Completed Disposal Minimum Price or any other price for the Disposal Properties under the Tender despite of the discount offered. In such circumstance, the Directors are of the view that the Consideration, being equivalent to the Complete Disposal Minimum Price, is fair and reasonable in light of the result of the Tender, and that the Disposal is in the interest of the Company and the Shareholders as a whole under the current financial difficulties encountered by the Company.

### *Non-competition undertaking*

Pursuant to the Option Deed, the Purchaser irrevocably undertook that, upon Completion, none of the member of the Target Group or the Disposal Properties would be engaged in (or be developed to engage in, operate, manage, hold, invest or otherwise be interested in) shopping malls or markets which conduct the sale of agricultural produce in the PRC which may directly or indirectly compete with the Remaining Business.

Details on the other terms of the Option Deed are set out in the paragraph headed “2. THE PROPOSED DISPOSAL” in the Letter from the Board.



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### 3.1 Analysis on the Consideration

We note that the market value of the Disposal Properties of the Valuation Report has not been reflected in the Disposal NAV. We have discussed with the Management and assessed the adjusted net asset value of the Target Group (the “**Adjusted NAV**”) by taking in account the Disposal NAV, which the value of the investment properties of the Disposal Properties has been recorded at the fair value and the value of the inventories of the Disposal Properties has been recorded at cost in accordance with applicable accounting standards, and the valuation of the Disposal Properties as at 29 February 2016 as carried out by BMI Appraisals Limited (“**BMI**”). As advised by the Company, since the value of the investment properties of the Disposal Properties is recorded at the fair value and the value of the inventories of the Disposal Properties is recorded at cost, therefore the valuation of the Valuation Report will only affect the value of the investment properties but not the inventories of the Disposal Properties to maintain consistent treatment in doing such adjustment. Accordingly, the Adjusted NAV is approximately RMB19.0 billion and the calculation of the Adjusted NAV is set out below:

*approximate RMB*

Disposal NAV as at 31 December 2015	20.5 billion
Less: Carrying amount of the Disposal Properties as at 31 December 2015	27.7 billion
Add: Carrying amount of the Disposal Properties after having taking into account the valuation of the Disposal Properties as at 29 February 2016	26.2 billion
Adjusted NAV	19.0 billion

We note that the Consideration represents (i) a discount of approximately RMB14.1 billion or 69% to the aggregate net asset to be disposed as at 31 December 2015; and (ii) a discount of approximately RMB12.5 billion or 66% to the Adjusted NAV.

In assessing the fairness and reasonableness of the Consideration, we have considered some of the most used benchmarks for valuing a company. Given that the Target Group recorded unaudited net loss for the financial year ended 31 December 2015, the price-to-earnings ratio is not applicable. Having taken in account (i) the nature of the businesses of the Target Group which primarily involves in property development; and (ii) the Target Group is mainly comprised of fixed assets, we therefore considered that using the price-to-book ratio (the “**P/B Ratio**”) would be the most appropriate and relevant approach. Based on the Consideration of US\$1,000 million (equivalent to RMB6,500 million) and the Adjusted NAV of approximately RMB19.0 billion, the price-to-book ratio implied by the Consideration is approximately 0.34 times (the “**Implied P/B Ratio**”).

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We have attempted to identify comparable companies which are (i) listed on the Stock Exchange; (ii) principally engaged in property development, investment and/or management that involve in shopping malls and/or retail premises which is similar to the business of the Target Group; (iii) the properties are primarily located in the PRC; and (iv) with comparable scale of size with the Target Group. To the best of our knowledge, effort and endeavour, we have identified 11 comparable companies (the “**Comparables**”) as per below (exclusive of an outlier) and we consider that the list of the Comparables is an exhaustive list based on the aforesaid selection criteria. Independent Shareholders should note that the Target Group and the Comparables are not closely similar in terms of, among others, business, scale of operation, financial performance and financial position, including the book value or fair value of the properties, but it is considered that they are in general affected by similar macro-economic factors including, but not limited to, PRC’s economy, outlook, prices and demand of the commercial property markets in the PRC. Therefore, we consider that the Comparables provide a general reference in assessing the fairness and reasonableness of the Consideration.

<b>Company (stock code)</b>	<b>Principal business</b>	<b>P/B Ratio (times) (Note)</b>
LVGEM (China) Real Estate Investment Company Limited (95)	Property development and investment business, including (i) real estate development and sales; (ii) commercial property investment and operations; and (iii) integrated services in the PRC	1.19
Guangzhou R&F Properties Co., Ltd. (2777)	Development and sale of properties, property investment, hotel operations and other property development related services in the PRC	0.16
Mingfa Group (International) Company Limited (846)	Property development, property investment and hotel operation in the PRC	0.83
Yuxiu REIT Asset Management Limited (405)	Leasing of commercial properties in the PRC including hotel and service apartment, office rental and wholesale and shopping mall	0.73
S E A Holdings Limited (251)	Property development, property investment and hotel operation in Hong Kong and the PRC	0.60

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Company (stock code)	Principal business	P/B Ratio (times) (Note)
KWG Property Holding Limited (1813)	Property development, property investment, hotel operation, property management in the PRC	0.64
Logan Property Holdings Company Limited (3380)	Property development, property investment and construction in the PRC	0.70
Shui On Land Limited (272)	Property development, property investment and construction in the PRC including office and commercial/mall leasing, property management and hotel operations	0.31
Hui Xian Real Estate Investment Trust (87001)	Investment in high quality commercial properties in the PRC including renting of the shopping mall	0.54
Joy City Property Limited (207)	Investment holding, property investment and development, property management and hotel operations in the PRC, including property projects relating to shopping malls	0.42
SOHO China Limited (410)	Investment in real estate development, leasing and management in the PRC	0.43
	Maximum	1.19
	Minimum	0.16
	Average	0.60
<b>Implied P/B Ratio</b>		<b>0.34</b>

Source: <http://www.hkex.com.hk>

*Note:* P/B ratios of the Comparables are calculated by dividing respective closing share prices of the Comparables as quoted on Stock Exchange as at the date of the latest published annual/interim report or annual/interim results announcement by respective net asset values per share calculated based on the information as disclosed in the same document.

We note from the table above that the P/B Ratios of the Comparables ranged from approximately 0.16 times to approximately 1.19 times with an average of approximately 0.60 times. The Implied P/B ratio falls within the range of the P/B ratio of the Comparables.

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In addition, we note that the Consideration is set at a significant discount to the Disposal NAV, the Adjusted NAV and the valuation of the Disposal Properties of approximately RMB20.24 billion as detailed in the Valuation Report prepared by BMI (the “**Valuation**”). As discussed with the Management, we are given to understand that the Management has taken into account the following factors in determining the Consideration, without limitation to:— (i) the Complete Disposal Minimum Price was principally determined with reference to the financing needs of the Group to settle the offshore indebtedness and the estimated funding to development the Remaining Business subsequent to the Disposal, forming the expected minimum funding requirements of the Group; (ii) the Consideration is equal to the Complete Disposal Minimum Price and the Purchaser acts as a last resort to meet the Group’s financing needs in a timely manner; (iii) the Disposal will only proceed after the occurrence of the Unsuccessful Tender. Further, as illustrated by the result of the Tender, over 100 target buyers were approached by DTZ, including institutional investors, asset management companies and property developers. However, no target buyer was willing to offer even the Completed Disposal Minimum Price or any other price in acquiring the Disposal Properties, which might indicate that there is a very low liquidity of the Disposal Properties in the market.

Despite the Consideration is set at significant discount to the Disposal NAV, the Adjusted NAV and the Valuation, and the Implied P/B Ratio is below the average of the P/B ratio of the Comparables as aforementioned, having considered that the Implied P/B ratio falls within the range of the P/B ratio of the Comparables and among the reasons and factors as discussed in this letter, in particular (i) the poor performance of the Target Group; (ii) the promising outlook of the Agricultural Market Business; (iii) as illustrated by the result of the Tender, no target buyer was willing to offer the Completed Disposal Minimum Price, which is equivalent to the Consideration, despite of the discount offered and therefore in our opinion has suggested the negative market sentiment towards the Disposal Properties; and (iv) the current severe financial circumstances encountered by the Company, we concur with the Directors that the Consideration, which is equivalent to the Completed Disposal Minimum Price and even though it is being set at a significant discount to the Disposal NAV, the Adjusted NAV and the Valuation, is fair and reasonable so far as the Independent Shareholders are concerned.

### *3.2 The Valuation Report of BMI Appraisals Limited*

We have considered and reviewed, among others, the valuation of the Disposal Properties as detailed in the Valuation Report prepared by BMI, the texts of which are set out in Appendix IV to the Circular and discussed with BMI regarding the methodology of and the principal bases and assumptions adopted for the valuation of the Disposal Properties. As part of our due diligence, we have assessed the qualification and experience of BMI for its engagement as the independent professional valuer for the Disposal Properties. We note that the valuer of the Valuation Report has over 22 years and 16 years of experience in valuation of properties in Hong Kong and the PRC respectively. We are of the view that BMI possesses sufficient experience in performing the valuation. BMI also confirmed that (i) it is independent from the Company; (ii) all relevant material information provided by the Company had been incorporated in the Valuation Report; and (iii) they were not aware of any serious defects or other matters that would cause it to

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question the truthfulness or reasonableness of the information provided by the Company. We also understand that BMI has physically inspected the properties of the Disposal Properties during the period from July 2014 to April 2016. In addition, we have also reviewed the terms of the BMI's engagement and noted that the scope of work is appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the Valuation Report.

In arriving the market value of the Disposal Properties, we note that BMI has adopted principally the comparison approach in accordance with the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and applicable Listing Rules.

For the property interests of the Disposal Properties which are completed, BMI has adopted (i) principally the comparison approach and assumed sale in the properties' existing states with the benefit of vacant possession and made reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have been made by BMI to account for the differences between the properties and the comparables in terms of time, location, accessibility and other relevant factors; and (ii) where appropriate, BMI has also adopted investment approach by taking into account the current passing rents of the properties being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenant.

For the property interests of the Disposal Properties which are under construction, BMI has assumed that the properties will be developed and completed in accordance with the latest development proposal provided. BMI has adopted the comparison approach by making reference to the 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 developments. The "market value of the property interest as if completed as at the valuation date" as disclosed in the relevant valuation certificate of the Valuation Report represents BMI's opinion of the aggregate selling prices of the development assuming that it would have been completed as at the valuation date.

Other information regarding the valuation has been set out in the Valuation Report in Appendix IV to the Circular. After considering the reasons for adopting the above valuation methodology for valuing the Disposal Properties by BMI, we are of the opinion that such valuation methodology and the bases and assumptions used are reasonable and acceptable in establishing the fair values of the Disposal Properties.

#### **4. Financial Effect of the Disposal**

It should be noted that the below analyses are for illustrative purpose only and do not purport to represent how the financial position or results of the Group will be upon Completion:

##### *4.1 Working capital*

According to the 2015 Annual Report, as at 31 December 2015, the Group had cash and bank balances of approximately RMB908.4 million, a total current assets of approximately RMB6,115 million, and a total current liabilities of approximately RMB9,885 million. As at 31 December 2015, the current ratio (calculated as total current assets divided by total current liabilities) of the Group was at approximately 0.62 times and the net current liabilities of the Group was at approximately RMB3,770 million.

We are of the view that the current ratio of approximately 0.62 times suggests there is relatively a higher possibility that the Group would be unable to pay off its obligations if they came due in due course, and it also shows that the Group is not in a good financial health.

Given that the Disposal will bring in new capital (after expenses) of approximately RMB6,489 million upon Completion, it is expected that both the cash position and the current liabilities position of the Group will be enhanced.

##### *4.2 Financial position of the Group subsequent to the Disposal*

As set out in the Letter from the Board, based on the unaudited consolidated management accounts of the Target Group, the aggregate net asset to be disposed amounts to approximately RMB20.5 billion as at 31 December 2015. As a result of the Disposal, the Company shall incur an expected loss of approximately RMB14.1 billion. However, having taken into account the current severe situation and position as discussed above faced by the Group, we are of the view that the Disposal NAV and consequentially the aforementioned expected loss by each of themselves does not and should not form a substantial part in judging the terms of the Disposal or the Consideration.

#### **RECOMMENDATION**

Having considered that:

- (i) the poor performance of the Target Group and the uncertainties over the Shopping Mall Business in the PRC due to weaker domestic consumption and the challenging environment under the wholesale and retail sectors in the PRC relating to the Shopping Mall Business;
- (ii) the promising outlook of the Agricultural Market Business as discussed in the subsection headed “2.2 Overview of the Agricultural Market Business in the PRC” in this letter;

## LETTER FROM AMASSE CAPITAL LIMITED

- (iii) the non-competition undertaking that is irrevocably undertaken by the Purchaser which is favourable to the Group's Remaining Business;
- (iv) assuming that Completion has taken place on 29 February 2016, the Group would have free cash and bank balances of approximately RMB6,697 million as at 29 February 2016, including approximately RMB6,489 million raised from the Disposal;
- (v) all proceeds from the Disposal pursuant to the exercise of the Put Option by the Company, will primarily be applied towards the repayment of all offshore indebtedness of the Group;
- (vi) the Company has considered other fund raising methods, but there were no other best available financing alternatives for the Group to consider other than the Disposal at the relevant time, details of which are disclosed in the sub-section headed "2.5 Financing alternatives to the Group" in this letter;
- (vii) save for the Purchaser, the Company was unable to secure other potential investors which could proceed to the entering into of legally binding agreement at the relevant time, including but not limited to by way of Tender;
- (viii) the significant indebtedness, contingent liabilities and funding requirements of the Group arising from the non-fulfilment of the Condition Subsequent and the Financial Covenant and the consequential potential acceleration of the Syndicated Loan and cross-defaults of other loan(s) of the Group, in particular without the provision of the Consideration to meet the repayment of the borrowings of the Group (including interest) as discussed above, the Group could have defaulted on such payments leading to acceleration of immediate repayment obligation of the Group for the said borrowings amounting to an aggregate of approximately RMB4,940 million;
- (ix) the Option Deed and the Disposal contemplated under the exercise of the Put Option ensure the Company could raise sufficient fund in a timely manner and the Disposal Properties could be sold for cash immediately pursuant to the Disposal to enable the Company to meet all of its potential immediate repayment obligations in the event of acceleration of Syndicated Loan and the consequential cross-default; and
- (x) should the Group fail to obtain external financing, it would be required to generate internally through, without limitation to, liquidating the assets of the Group. However, there is no guarantee that the assets of the Group could be sold at market price, or at all, or within a short period so as to meet the financial needs of the Group promptly,

we consider that the terms of the Option Deed and the Disposal as a whole are fair and reasonable so far as the Independent Shareholders are concerned and the Disposal is in the interests of the Company and the Shareholders as a whole given that in particular without the Disposal, the Group would fail to duly repay outstanding loans in an aggregate amount of RMB4,940 million (including interest) which are due for payment during the year ending 31 December 2016 and consequently may possibly result in cross default in other borrowings, putting the Group at a significantly high insolvency risk.



**LETTER FROM AMASSE CAPITAL LIMITED**

Having considered the principal factors and reasons above, we therefore recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant resolutions to approve the Option Deed in relation to the Disposal at the EGM.

Yours faithfully,  
For and on behalf of  
**Amasse Capital Limited**  
**Michael Lam**  
*Managing Director*

\* *for identification purpose only*



**A. SUMMARY OF FINANCIAL RESULTS**

Financial information of the Group for each of the years ended 31 December 2013, 2014 and 2015 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.renhebusiness.com>):

- annual report of the Company for the year ended 31 December 2013 published on 29 April 2014 (pages 43–132);
- annual report of the Company for the year ended 31 December 2014 published on 30 April 2015 (pages 44–132);
- annual report of the Company for the year ended 31 December 2015 published on 14 April 2016 (pages 44–132)

**B. INDEBTEDNESS STATEMENT**

As at the close of business on the 29 February 2016, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining the indebtedness of the Group, the Group's total outstanding borrowings amount to approximately RMB7,935,684,000. The Group has provided guarantees and made deposits to banks to assist the buyers of operation rights to obtain bank loans. As at 29 February 2016, the outstanding guarantees provided by the Group to the banks to facilitate buyers financing amounted to approximately RMB52,700,000. Such guarantees and deposits will be released along with the repayment of loan principal by the buyers.

Save as aforesaid, and apart from intra-group liabilities and normal accounts payable in the ordinary course of the business, as at the close of business on 29 February 2016, the Group did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital, bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

**C. WORKING CAPITAL SUFFICIENCY**

The Directors, after due and careful enquiries, are of the opinion that, in the absence of unforeseen circumstances and after taking into account the expected completion of the Disposal, the cash flow generated from the operating activities, the financial resources available to the Group including internally generated funds and the available credit facilities, the Group has sufficient working capital for at least the next twelve months from the date of the Circular.

**D. FINANCIAL AND TRADING PROSPECTS OF THE REMAINING GROUP**

The core businesses of the Remaining Group are (i) Agricultural Market Business; and (ii) the Shopping Mall Business which comprise mainly the nine projects with approval for construction (as well as other future new projects) which could potentially be developed into shopping malls focusing on the sale of agricultural produce.

The Group is positive and confident on its future business opportunities in the agriculture business. The agriculture sector in China is huge and is one of the most supported industries by the Chinese government. “Agriculture Industry (三農產業)” (meaning agriculture (農業), rural communities (農村) and farmers (農民)) has been always one of the significant components of the China’s policy, whether in the past “Twelve Five-Year Plan” or the existing “Thirteen Five-Year Plan”. One of the key components in respect of the “Agriculture Industry” stated in the “Thirteen Five-Year Plan” is acceleration of agricultural modernization. Innovation and informatization are important elements in agricultural modernization. As such, agriculture e-commerce business, being one of the useful channels in pushing for agricultural modernization, has been drawing the market’s attention since the concept of “Internet+” was encouraged by the Chinese government. Since 2015, various new laws and regulations have been released and published to encourage and support the agriculture e-business. In addition, the “No. 1 Central Announcement” of 2016 announced by the PRC State Council also emphasized the support for the development of agriculture e-commerce. The agriculture e-commerce model will become the trend based on the development trajectory of the existing agriculture value-chain in China. China has large geographical area and huge population, the entire value chain of the China agriculture sector has enormous potential business opportunities. According to the statistics released by the Ministry of Agriculture of the PRC, the wholesale trading value of agriculture products amounted to RMB3.7 trillion. Furthermore, since agriculture industry is highly resistant to economic cycles, the new agriculture wholesale business will have substantial positive effect on the Group’s future business and strategies especially when the Chinese economy is still in a relatively weak condition. The Group will allocate more resources and effort in the agriculture business in the future. Apart from the existing 8 offline agriculture wholesale markets, the Group will also seize the “Internet+” opportunities. Through the newly acquired agriculture business which includes the mature offline agriculture wholesale markets as well as the user resources which are of high quality, the Group will seize the opportunity to establish the agri-product ecommerce trading platform, serving all the players, from farmers to consumers, along the value-chain.

**E. MANAGEMENT DISCUSSIONS AND ANALYSIS OF THE REMAINING GROUP**

*The following discussion and analysis relates to the illustrative and unaudited pro forma consolidated results of operations and financial condition of the Remaining Group for the purpose of illustrating (i) the results of the Remaining Group as if the Disposal had been completed on 1 January 2015 and (ii) the financial position of the Remaining Group as if the Disposal had been completed on 31 December 2015.*

**Business Review**

In 2015, the Remaining Group was principally engaged in the Shopping Mall Business and, upon the completion of the acquisition of the Agricultural Market Business on 27 July 2015, the Remaining Group also began to operate the Agricultural Market Business.

The macro environment for the Shopping Mall Business was challenging in 2015. During the year, the Remaining Group was engaged in the planning of nine projects for which it had obtained the requisite approvals for construction but did not commence construction of any of these projects due to the general slowdown of its development plan. These projects were located in Tianjin, Wuhan, Wuxi, Zhangjiakou, Luoyang, Wuhu, Kunming and Nanchang and had an aggregate approved GFA of approximately 1.78 million sq.m.

On 27 July 2015, the Group completed the acquisition of the Agricultural Market Business. As a result, the Remaining Group began to operate eight agricultural produce wholesale markets in China. These agricultural produce wholesale markets were located in Shouguang, Guiyang, Harbin, Qiqihar, Mudanjiang and Shenyang and occupied an aggregate GFA of approximately 1.31 million sq.m.

**Financial Review**

For the year ended 31 December 2015, revenue of the Remaining Group was RMB386.6 million, which was entirely attributable to the Agricultural Market Business. This comprised commission income of RMB285.0 million and lease income of RMB101.6 million from the Agricultural Market Business. The Remaining Group did not generate any revenue from the Shopping Mall Business as all nine projects were still at the planning stage.

Gross profit of the Remaining Group was RMB386.6 million and its gross profit margin was 100.0% for the year ended 31 December 2015. The Remaining Group did not incur any cost of sales because no cost was directly attributable to earning commission income or lease income from the Agricultural Market Business.

Other income of the Remaining Group was RMB45.2 million for the year ended 31 December 2015. This was mainly attributable to the management and administrative service fee income of RMB44.5 million generated from the Agricultural Market Business.

Administrative expenses of the Remaining Group were RMB397.2 million for the year ended 31 December 2015, which primarily included administrative expenses relating to the Company and its offshore subsidiaries and the Agricultural Market Business.

Goodwill impairment losses of the Remaining Group were RMB1,133.0 million for the year ended 31 December 2015, which were related to the goodwill attributable to the acquisition of the Agricultural Market Business arising mainly from the difference between the share price of HK\$0.54 per share on the date of the acquisition and the issue price of HK\$0.41 per share according to the announcement of the acquisition. Such impairment losses were recorded because the recoverable value of the Agricultural Market Business was significantly below the aggregate fair value of the net assets acquired and the goodwill related to such acquisition.

Disposal losses of the Remaining Group were RMB16,452.4 million for the year ended 31 December 2015. These represented mainly the estimated net loss on the Disposal of RMB17,022.7 million, being the difference between the estimated net proceeds and the carrying amount as at 1 January 2015 of the net assets to be disposed of in connection with the Disposal had the Disposal been completed on 1 January 2015. The amount of net loss on the Disposal will be subject to change on the date of completion of the Disposal. If the Disposal had been completed on 31 December 2015, the estimated net loss on the Disposal would have been RMB14,057.9 million based on the carrying amount as at 31 December 2015 of the net assets to be disposed of. As shown in the unaudited pro forma consolidated statement of profit or loss of the Remaining Group in Appendix III, the estimated net loss on the Disposal of the Remaining Group was partially offset by the accumulated exchange reserve of the Target Group reclassified to profit or loss in the amount of RMB570.3 million as if the Disposal had been completed on 1 January 2015.

Other operating expenses of the Remaining Group were RMB240.4 million for the year ended 31 December 2015. These expenses were mainly attributable to (i) the amortization of intangible assets of RMB140.4 million arising from the acquisition of the Agricultural Market Business and (ii) the operating lease expenses of RMB43.3 million paid for leasing the properties (including land and buildings) to facilitate the on-going operations of the Agricultural Market Business in accordance with the framework lease agreement entered into in connection with the acquisition of the Agricultural Market Business.

As a result of the foregoing, loss from operations of the Remaining Group was RMB17,791.2 million.

Finance income of the Remaining Group was RMB616.5 million for the year ended 31 December 2015. This was mainly attributable to a gain of RMB581.5 million from the repurchase of senior notes by the Company in 2015.

Finance expenses of the Remaining Group were RMB392.2 million for the year ended 31 December 2015, which were mainly attributable to interest on various borrowings of the Remaining Group. These also included RMB96.5 million representing the capitalised borrowing cost for the year ended 31 December 2015 related to the senior notes issued by the Company, which would not have been eligible to be capitalised had the Disposal been completed on 1 January 2015.

As a result of the foregoing, loss before income tax of the Remaining Group was RMB17,566.8 million for the year ended 31 December 2015.

Income tax of the Remaining Group was RMB35.7 million for the year ended 31 December 2015, which was attributable to the PRC corporate income tax on the Agricultural Market Business.

As a result of the foregoing, loss for the year of the Remaining Group was RMB17,602.5 million for the year ended 31 December 2015.

**Liquidity and Financial Resources**

The Remaining Group financed working capital and capital expenditures principally through cash generated from the operations of the Agricultural Market Business, internal cash resources and cash proceeds from the Disposal.

As at 31 December 2015, the Remaining Group had net current assets of RMB1,874.4 million. Cash at bank and on hand of the Remaining Group as at 31 December 2015 amounted to RMB7,015.0 million, which was mainly attributable to the cash proceeds from the Disposal.

As at 31 December 2015, total interest-bearing borrowings of the Remaining Group amounted to RMB3,593.3 million, which were all due within one year or repayable on demand and comprised mainly bank loans obtained by the Remaining Group and the senior notes issued by the Company. These borrowings were denominated in Renminbi, U.S. dollars and Hong Kong dollars and included borrowings at fixed or variable interest rates. The gearing ratio of the Remaining Group, calculated by dividing total interest-bearing borrowings by total assets, was 24.8% as at 31 December 2015.

On 24 November 2014, the Company announced a tender offer of all of its senior notes (the “Tender Offer”) and a consent solicitation for certain amendments and waivers to the indenture related to the senior notes (the “Consent Solicitation”). On the same day, the Company also announced the rights issue for a total of 10,574,066,000 rights shares at the price of HK\$0.32 per share on the basis of one rights share for every two existing shares (the “Rights Issue”). Each of the Tender Offer, Consent Solicitation and Rights Issue was completed in January 2015. A total of US\$221,291,000 of the senior notes due 2015 (representing 73.8% of the total principal outstanding) and a total of US\$438,802,000 of the senior notes due 2016 (representing 73.1% of the total principal outstanding) had been tendered. The total capital required for payment of the Tender Offer together with the accrued interest to the holders of the senior notes amounted to US\$587,785,700. The payment was settled on 7 January 2015 with the net proceeds from the Rights Issue and certain loans of US\$250 million and HK\$390 million from a syndicate of banks drawn down on the same day. The net proceeds of the Rights Issue amounted to approximately HK\$3,297 million, the majority of which was utilized as payment for the Tender Offer.

All the remaining senior notes due 2015 and 2016 were subsequently settled in May 2015 and March 2016, respectively.

**Foreign Exchange Rate Risk**

Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through People’s Bank of China (the “PBOC”) or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Remaining Group) and must be arranged through the PBOC with government approval.

All cash and bank balances of the Remaining Group denominated in Renminbi were placed in banks in the PRC. Renminbi is not freely convertible and the remittance of earnings to overseas is subject to exchange control promulgated by the PRC government. All the revenue-generating operations of the Remaining Group are transacted in Renminbi. The Remaining Group also kept certain bank balances in Hong Kong which are denominated in US dollar or HK dollar and the senior notes are denominated in US dollar. The Remaining Group is exposed to foreign currency risk on financing transactions denominated in currencies other than the functional currency of our subsidiaries (Renminbi) in the PRC and functional currency of the overseas group entities (Hong Kong dollar). Depreciation or appreciation of the Renminbi and Hong Kong dollar against foreign currencies can affect the Remaining Group's results. The Remaining Group currently does not hedge our foreign exchange risk but may do so in the future.

**Contingent Liabilities**

As at 31 December 2015, the Remaining Group did not have any contingent liabilities.

**Capital Commitments**

As at 31 December 2015, the Remaining Group had not contracted for or authorized any future capital expenditures.

**Human Resources**

As at 31 December 2015, the Remaining Group employed 3,416 staff members. The Remaining Group's employees are remunerated according to the nature of job, individual performance and market trends with built-in merit components. Total remuneration for the year ended 31 December 2015 was approximately RMB281.8 million. The Remaining Group established a training programme for the management team and provided orientation training as well as on-the-job training for employees. Employees in Hong Kong participate in Mandatory Provident Fund scheme, and employees in Mainland China also participate in similar schemes.

**UNAUDITED COMBINED FINANCIAL INFORMATION OF THE TARGET GROUP**

Set out below are the unaudited combined statements of financial position of the Target Group as of 31 December 2013, 2014 and 2015, and the related unaudited combined statements of profit or loss, unaudited combined statements of profit or loss and other comprehensive income, combined statements of changes in equity and combined cash flow statements for each of the years ended 31 December 2013, 2014 and 2015, and explanatory notes (collectively referred to as the “**Unaudited Combined Financial Information**”). The Unaudited Combined Financial Information has been prepared on the basis set out in section A below and prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company’s auditors, KPMG, have reviewed the Unaudited Combined Financial Information of the Target Group in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal”, issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the auditors to obtain assurance that the auditors would become aware of all significant matters that might be identified in an audit. Accordingly, the auditors do not express an audit opinion.

Based on their review, nothing has come to their attention that causes them to believe that the Unaudited Combined Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 below.



## (A) UNAUDITED COMBINED FINANCIAL INFORMATION OF THE TARGET GROUP

**Unaudited Combined Statements of Profit or Loss***For the years ended 31 December 2013, 2014 and 2015**(Expressed in Renminbi)*

	<b>Year ended 31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	547,410	555,357	484,045
Cost of sales	<u>(26,144)</u>	<u>(11,825)</u>	<u>(1,231)</u>
<b>Gross profit</b>	521,266	543,532	482,814
Net valuation loss on investment properties	(832,256)	(1,364,462)	(4,441,711)
Profit/(loss) on disposal of investment properties	65,699	7,736	(120)
Other income	98,987	106,276	104,275
Administrative expenses	(594,100)	(169,672)	(304,825)
Other operating expenses	<u>(336,885)</u>	<u>(339,600)</u>	<u>(211,952)</u>
<b>Loss from operations</b>	<u><u>(1,077,289)</u></u>	<u><u>(1,216,190)</u></u>	<u><u>(4,371,519)</u></u>
Finance income	66,625	169,520	112,317
Finance expenses	<u>(144,258)</u>	<u>(261,192)</u>	<u>(260,222)</u>
Net finance expenses	<u><u>(77,633)</u></u>	<u><u>(91,672)</u></u>	<u><u>(147,905)</u></u>
<b>Loss before income tax</b>	(1,154,922)	(1,307,862)	(4,519,424)
Income tax	<u>152,686</u>	<u>161,444</u>	<u>1,036,308</u>
<b>Loss for the year</b>	<u><u>(1,002,236)</u></u>	<u><u>(1,146,418)</u></u>	<u><u>(3,483,116)</u></u>
<b>Attributable to:</b>			
Parent's net investment	(953,470)	(1,098,388)	(3,382,046)
Non-controlling interests	<u>(48,766)</u>	<u>(48,030)</u>	<u>(101,070)</u>
<b>Loss for the year</b>	<u><u>(1,002,236)</u></u>	<u><u>(1,146,418)</u></u>	<u><u>(3,483,116)</u></u>

**Unaudited Combined Statements of Profit or Loss and Other Comprehensive Income**  
*For the years ended 31 December 2013, 2014 and 2015*  
*(Expressed in Renminbi)*

	Year ended 31 December		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
<b>Loss for the year</b>	(1,002,236)	(1,146,418)	(3,483,116)
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences on translation of financial statements of foreign operations	<u>282,793</u>	<u>16,406</u>	<u>(547,193)</u>
<b>Total comprehensive income for the year</b>	<u>(719,443)</u>	<u>(1,130,012)</u>	<u>(4,030,309)</u>
<b>Attributable to:</b>			
Parent's net investment	(670,677)	(1,081,982)	(3,929,239)
Non-controlling interests	<u>(48,766)</u>	<u>(48,030)</u>	<u>(101,070)</u>
<b>Total comprehensive income for the year</b>	<u>(719,443)</u>	<u>(1,130,012)</u>	<u>(4,030,309)</u>

**Unaudited Combined Statements of Financial Position***At 31 December 2013, 2014 and 2015**(Expressed in Renminbi)*

	<i>Note</i>	<b>At 31 December</b>		
		<b>2013</b>	<b>2014</b>	<b>2015</b>
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>				
Property and equipment		32,568	22,203	14,917
Investment properties		25,736,779	26,186,111	22,990,227
Goodwill		363,792	363,792	363,792
Other assets		1,323,410	982,105	842,892
Deferred tax assets		202,814	135,262	137,332
Trade receivables and other assets		<u>1,171,880</u>	<u>520,528</u>	<u>261,642</u>
<b>Total non-current assets</b>		<u>28,831,243</u>	<u>28,210,001</u>	<u>24,610,802</u>
<b>Current assets</b>				
Inventories		4,136,135	4,533,945	4,727,550
Trade receivables and other assets	3	6,604,045	5,611,366	5,848,249
Cash at bank and on hand		<u>820,334</u>	<u>838,904</u>	<u>382,431</u>
<b>Total current assets</b>		<u>11,560,514</u>	<u>10,984,215</u>	<u>10,958,230</u>
<b>Current liabilities</b>				
Interest-bearing borrowings		521,800	1,354,900	1,087,795
Trade and other payables	3	18,335,008	17,297,753	19,139,380
Taxation		<u>20,051</u>	<u>18,538</u>	<u>8,928</u>
<b>Total current liabilities</b>		<u>18,876,859</u>	<u>18,671,191</u>	<u>20,236,103</u>
<b>Net current liabilities</b>		<u>(7,316,345)</u>	<u>(7,686,976)</u>	<u>(9,277,873)</u>
<b>Total assets less current liabilities</b>		<u>21,514,898</u>	<u>20,523,025</u>	<u>15,332,929</u>

	At 31 December		
	2013	2014	2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current liabilities</b>			
Interest-bearing borrowings	1,855,400	1,760,500	2,067,480
Deferred tax liabilities	4,333,035	4,059,702	3,023,346
Receipt in advance	<u>431,152</u>	<u>539,617</u>	<u>12,726</u>
<b>Total non-current liabilities</b>	<u><u>6,619,587</u></u>	<u><u>6,359,819</u></u>	<u><u>5,103,552</u></u>
<b>Net assets</b>	<u><u>14,895,311</u></u>	<u><u>14,163,206</u></u>	<u><u>10,229,377</u></u>
Parent's net investment	14,707,401	14,023,326	10,190,567
Non-controlling interests	<u>187,910</u>	<u>139,880</u>	<u>38,810</u>
<b>Total equity</b>	<u><u>14,895,311</u></u>	<u><u>14,163,206</u></u>	<u><u>10,229,377</u></u>

**Unaudited Combined Statements of Changes in Equity***For the years ended 31 December 2013, 2014 and 2015**(Expressed in Renminbi)*

	<b>Parent's net investment RMB'000</b>	<b>Non- controlling interests RMB'000</b>	<b>Total RMB'000</b>
<b>Balance at 1 January 2013</b>	14,990,378	236,676	15,227,054
<b>Changes in equity for 2013:</b>			
Loss for the year	(953,470)	(48,766)	(1,002,236)
Other comprehensive income	<u>282,793</u>	<u>—</u>	<u>282,793</u>
Total comprehensive income	<u>(670,677)</u>	<u>(48,766)</u>	<u>(719,443)</u>
Investors' contribution	<u>387,700</u>	<u>—</u>	<u>387,700</u>
<b>Balance at 31 December 2013</b>	14,707,401	187,910	14,895,311
<b>Changes in equity for 2014:</b>			
Loss for the year	(1,098,388)	(48,030)	(1,146,418)
Other comprehensive income	<u>16,406</u>	<u>—</u>	<u>16,406</u>
Total comprehensive income	<u>(1,081,982)</u>	<u>(48,030)</u>	<u>(1,130,012)</u>
Investors' contribution	<u>397,907</u>	<u>—</u>	<u>397,907</u>
<b>Balance at 31 December 2014</b>	14,023,326	139,880	14,163,206
<b>Changes in equity for 2015:</b>			
Loss for the year	(3,382,046)	(101,070)	(3,483,116)
Other comprehensive income	<u>(547,193)</u>	<u>—</u>	<u>(547,193)</u>
Total comprehensive income	<u>(3,929,239)</u>	<u>(101,070)</u>	<u>(4,030,309)</u>
Investors' contribution	<u>96,480</u>	<u>—</u>	<u>96,480</u>
<b>Balance at 31 December 2015</b>	<u>10,190,567</u>	<u>38,810</u>	<u>10,229,377</u>

**Unaudited Combined Cash Flow Statements***For the years ended 31 December 2013, 2014 and 2015**(Expressed in Renminbi)*

	<b>Year ended 31 December</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Operating activities</b>			
Loss for the year	(1,002,236)	(1,146,418)	(3,483,116)
Adjustments for:			
Depreciation	15,254	11,614	7,750
Net finance expenses	73,144	80,729	147,434
Loss/(gain) on disposal of property and equipment	211	(2,648)	(1,083)
(Profit)/loss on disposal of investment properties	(65,699)	(7,736)	120
Change in fair value of investment properties	832,256	1,364,462	4,441,711
Impairment losses on receivables	368,637	15,747	135,420
Income tax	<u>(152,686)</u>	<u>(161,444)</u>	<u>(1,036,308)</u>
<b>Operating profit before changes in working capital</b>	68,881	154,306	211,928
Decrease in bank deposits	4,517	56,309	64,611
Decrease in trade receivables and other assets	734,901	170,926	33,001
(Increase)/decrease in trade and other payables	(299,502)	(600,363)	117,993
Increase in inventories	<u>(885,345)</u>	<u>(251,368)</u>	<u>(131,230)</u>
<b>Cash (used in)/generated from operating activities</b>	(376,548)	(470,190)	296,303
Income tax refund	—	—	12,153
Income tax paid	<u>(62,870)</u>	<u>(45,850)</u>	<u>(23,880)</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(439,418)</u>	<u>(516,040)</u>	<u>284,576</u>

	Year ended 31 December		
	2013	2014	2015
	RMB'000	RMB'000	RMB'000
<b>Investing activities</b>			
Proceeds from disposal of subsidiaries, net of cash disposed of	134,757	11,561	—
Net proceeds from disposal of investment properties	288,773	124,240	3,572
Net proceeds from disposal of property and equipment	615	4,030	2,052
Interest received	7,505	13,533	6,443
Purchase of property and equipment	(4,420)	(2,630)	(2,657)
Additions to investment properties	(231,683)	(595,239)	(891,065)
Repayment of deposits for acquisition of projects	310,000	—	—
(Increase)/decrease in time deposits	<u>(37,145)</u>	<u>48,448</u>	<u>51,552</u>
<b>Net cash generated from/(used in) investing activities</b>	<u>468,402</u>	<u>(396,057)</u>	<u>(830,103)</u>
<b>Financing activities</b>			
Proceeds from new borrowings	1,135,200	1,200,000	1,565,000
Repayment of borrowings	(779,800)	(461,800)	(1,525,125)
Advances from related parties	—	787,911	733,577
Advances to related parties	(210,205)	—	(396,475)
Repayment to related parties	(145,458)	(406,399)	—
Interest paid	<u>(82,982)</u>	<u>(140,947)</u>	<u>(241,757)</u>
<b>Net cash (used in)/generated from financing activities</b>	<u>(83,245)</u>	<u>978,765</u>	<u>135,220</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(54,261)	66,668	(410,307)
<b>Cash and cash equivalents at 1 January</b>	778,727	720,334	787,352
<b>Effect of foreign exchange rate changes</b>	<u>(4,132)</u>	<u>350</u>	<u>5,386</u>
<b>Cash and cash equivalents at 31 December</b>	<u>720,334</u>	<u>787,352</u>	<u>382,431</u>



**Notes to the Unaudited Combined Financial Information of the Target Group***For the years ended 31 December 2013, 2014 and 2015***1 GENERAL**

Pursuant to announcements on 31 December 2015, 25 February 2016, 18 March 2016 and 21 April 2016, Renhe Commercial Holdings Company Limited (the “Company”), a company incorporated in Cayman Islands with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) has proceeded to consider the sale of 23 completed Shopping Malls, 11 Shopping Malls under construction and 10 Shopping Malls at the planning stage with relevant construction approvals obtained (the “Disposal Properties”) by a tender. As a standby arrangement for the Company in the event of the tender to be unsuccessful, the Company had entered into an option deed with Apex Assure Limited (the “Purchaser”), a limited liability company incorporated in the British Virgin Islands and is wholly-owned by the Company’s controlling shareholder, Mr. Dai, on 18 March 2016 pursuant to which the Company was granted a put option to sell the entire issued share capital of Stone Wealth Limited (the “Target Company”) to the Purchaser for a cash consideration of US\$1,000 million, as described in the Section headed “Letter from the Board — the Proposed Disposal” in the circular (the “Disposal”). The Target Company, a company incorporated in the British Virgin Islands with limited liability and wholly-owned subsidiary of the Company, shall hold all the relevant equity interests of the subsidiaries of the Company interested in the Disposal Properties upon the completion of a reorganisation (the “Reorganisation”). The Target Company and the entities interested in the Disposal Properties (collectively referred to as the “Target Group”) are all ultimately held by the Company. The Company and its subsidiaries hereinafter are collectively referred to as “the Group”.

The particulars of entities in the Target Group are set out below:

<b>Name of subsidiary</b>	<b>Place and date of incorporation/ establishment</b>	<b>Issued/paid-in capital</b>	<b>Principal activities</b>
Harbin Renhe Public Facilities Co., Ltd.	Harbin, the PRC 11 January 1992	RMB20,000,000	Development, lease and management of underground shopping mall
Harbin Baorong Public Facilities Co., Ltd. (“Harbin Baorong”)	Harbin, the PRC 24 October 2000	RMB60,000,000	Development, lease and management of underground shopping mall
Harbin Renhe Century Public Facilities Co., Ltd. (“Harbin Renhe Century”)	Harbin, the PRC 7 March 2003	RMB417,718,000	Development, lease and management of underground shopping mall

**APPENDIX II****UNAUDITED COMBINED FINANCIAL INFORMATION  
OF THE TARGET GROUP**

<b>Name of subsidiary</b>	<b>Place and date of incorporation/ establishment</b>	<b>Issued/paid-in capital</b>	<b>Principal activities</b>
Guangzhou Renhe New World Public Facilities Co., Ltd.	Guangzhou, the PRC 3 August 2005	RMB335,000,000	Development, lease and management of underground shopping mall
Shenyang New World Renhe Public Facilities Management Co., Ltd.	Shenyang, the PRC 30 April 2008	USD49,800,000	Development, lease and management of underground shopping mall
Wuhan Renhe New World Public Facilities Management Co., Ltd.	Wuhan, the PRC 19 May 2008	RMB500,000,000	Development, lease and management of underground shopping mall
Liaoning Renhe New World Public Facilities Co., Ltd.	Shenyang, the PRC 31 July 2008	USD49,800,000	Development, lease and management of underground shopping mall
Putian Renhe New World Public Facilities Co., Ltd.	Putian, the PRC 26 October 2009	RMB204,840,000	Development, lease and management of underground shopping mall
Heilongjiang Renhe Spring Public Facilities Co., Ltd.	Harbin, the PRC 10 April 2009	HKD341,000,000	Development, lease and management of underground shopping mall
Handan Renhe New World Public Facilities Co., Ltd.	Handan, the PRC 23 July 2009	USD49,800,000	Development, lease and management of underground shopping mall
Shenyang Renhe First Tunnel Public Facilities Management Co., Ltd.	Shenyang, the PRC 26 September 2009	USD49,800,000	Development, lease and management of underground shopping mall
Fushun Renhe First Tunnel Public Facilities Management Co., Ltd.	Fushun, the PRC 12 November 2009	USD30,000,000	Development, lease and management of underground shopping mall
Chongqing Banan Renhe New World Public Facilities Co., Ltd.	Chongqing, the PRC 1 December 2009	USD30,000,000	Development, lease and management of underground shopping mall
Chongqing Dadukou Renhe New World Public Facilities Co., Ltd.	Chongqing, the PRC 1 December 2009	USD30,000,000	Development, lease and management of underground shopping mall

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<b>Name of subsidiary</b>	<b>Place and date of incorporation/ establishment</b>	<b>Issued/paid-in capital</b>	<b>Principal activities</b>
Anyang Renhe New World Public Facilities Co., Ltd.	Anyang, the PRC 1 April 2010	USD15,000,000	Development, lease and management of underground shopping mall
Ganzhou Renhe New World Public Facilities Co., Ltd.	Ganzhou, the PRC 20 February 2010	USD30,000,000	Development, lease and management of underground shopping mall
Jinzhou Renhe First Tunnel Public Facilities Management Co., Ltd.	Jinzhou, the PRC 28 April 2010	USD49,800,000	Development, lease and management of underground shopping mall
Dongguan Renhe New World Public Facilities Co., Ltd. ("Dongguan New World")	Dongguan, the PRC 1 July 2010	HKD383,000,000	Development, lease and management of underground shopping mall
Sanya Renhe New World Public Facilities Co., Ltd.	Sanya, the PRC 13 May 2010	USD25,000,000	Development, lease and management of underground shopping mall
Anshan Renhe Public Facilities Co., Ltd.	Anshan, the PRC 25 May 2010	USD49,800,000	Development, lease and management of underground shopping mall
Shenyang Fangcheng First Tunnel Public Facilities Co., Ltd.	Shenyang, the PRC 27 December 2010	USD30,000,000	Development, lease and management of underground shopping mall
Shenyang Huangcheng First Tunnel Public Facilities Co., Ltd.	Shenyang, the PRC 27 December 2010	USD30,000,000	Development, lease and management of underground shopping mall
Anshan Renhe Spring Public Facilities Co., Ltd.	Anshan, the PRC 1 December 2010	USD20,000,000	Development, lease and management of underground shopping mall
Yueyang Renhe New World Public Facilities Co., Ltd.	Yueyang, the PRC 8 September 2010	RMB200,000,000	Development, lease and management of underground shopping mall
Yantai Renhe New World Public Facilities Co., Ltd.	Yantai, the PRC 3 August 2010	USD15,000,000	Development, lease and management of underground shopping mall

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<b>Name of subsidiary</b>	<b>Place and date of incorporation/ establishment</b>	<b>Issued/paid-in capital</b>	<b>Principal activities</b>
Qinhuangdao Renhe New World Public Facilities Co., Ltd.	Qinhuangdao, the PRC 15 October 2010	USD14,940,000	Development, lease and management of underground shopping mall
Wuxi Merchant City Co., Ltd.	Wuxi, the PRC 27 January 2011	USD53,480,000	Development, lease and management of underground shopping mall
Shenyang Shenghe Public Facilities Co., Ltd.	Shenyang, the PRC 1 March 2011	USD12,000,000	Development, lease and management of underground shopping mall
Yingtian Renhe New World Public Facilities Co., Ltd.	Yingtian, the PRC 26 April 2011	USD17,500,000	Development, lease and management of underground shopping mall
Guiyang Renhe New World Public Facilities Co., Ltd.	Guiyang, the PRC 4 July 2011	USD4,500,000	Development, lease and management of underground shopping mall
Shenzhen Renhe New World Public Facilities Management Co., Ltd.	Shenzhen, the PRC 17 April 2009	USD4,500,000	Development, lease and management of underground shopping mall
China Supreme Investments Limited	Hong Kong 14 September 2007	HKD1	Investment holding
Globe Home Limited	Hong Kong 21 September 2007	HKD1	Investment holding
Gold Track Group Limited	Hong Kong 14 September 2007	HKD1	Investment holding
Longain Park Limited	Hong Kong 14 September 2007	HKD1	Investment holding
Easy Trip Limited	Hong Kong 2 January 2008	HKD1	Investment holding
Lead Wealthy Limited	Hong Kong 2 January 2008	HKD1	Investment holding
Great Peaceful Limited	Hong Kong 2 January 2008	HKD1	Investment holding
Summer Joy Investments Limited	Hong Kong 14 September 2007	HKD1	Investment holding

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<b>Name of subsidiary</b>	<b>Place and date of incorporation/ establishment</b>	<b>Issued/paid-in capital</b>	<b>Principal activities</b>
Total Nice Investments Limited	Hong Kong 18 December 2007	HKD1	Investment holding
Super Ally Limited	Hong Kong 10 April 2008	HKD1	Investment holding
Earn Star Investment Limited	Hong Kong 20 August 2008	HKD1	Investment holding
Bloom Leader Limited	Hong Kong 23 July 2008	HKD1	Investment holding
Vision Orient Limited	Hong Kong 9 January 2009	HKD1	Investment holding
Golden Favour Limited	Hong Kong 9 January 2009	HKD1	Investment holding
Asian Leader Investments Limited	Hong Kong 16 January 2009	HKD1	Investment holding
Lucky Trade Limited	Hong Kong 30 March 2009	HKD1	Investment holding
Moral King Limited	Hong Kong 30 March 2009	HKD1	Investment holding
Polyton Limited	Hong Kong 18 March 2009	HKD1	Investment holding
Top Vast Limited	Hong Kong 30 March 2009	HKD1	Investment holding
Trend Will Investment Limited	Hong Kong 10 March 2009	HKD1	Investment holding
New Full Limited	Hong Kong 30 September 2009	HKD1	Investment holding
Queen Glory Limited	Hong Kong 30 September 2009	HKD1	Investment holding
Million Universal Limited	Hong Kong 12 January 2010	HKD1	Investment holding
Rise Key Limited	Hong Kong 14 January 2010	HKD1	Investment holding
Sino Channel Limited	Hong Kong 12 January 2010	HKD1	Investment holding
Thousand Spread Limited	Hong Kong 22 February 2010	HKD1	Investment holding

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OF THE TARGET GROUP**

<b>Name of subsidiary</b>	<b>Place and date of incorporation/ establishment</b>	<b>Issued/paid-in capital</b>	<b>Principal activities</b>
Ultra Grand Limited	Hong Kong 22 February 2010	HKD1	Investment holding
Windsor International Investments Limited	Hong Kong 15 June 2009	HKD1	Investment holding
Capital Trade Limited	Hong Kong 29 June 2010	HKD1	Investment holding
Asian Chain Limited	Hong Kong 29 June 2010	HKD1	Investment holding
Kenwise Limited	Hong Kong 29 June 2010	HKD1	Investment holding
Hong Kong China One (Group) Investment Limited	Hong Kong 13 June 2006	HKD100,000,000	Investment holding
Eternal Smooth Limited	Hong Kong 11 July 2011	HKD1	Investment holding
Billion Luck Enterprises Limited	British Virgin Islands 15 October 2007	USD1	Investment holding
Fast Reach Group Limited	British Virgin Islands 15 October 2007	USD1	Investment holding
King Wealthy Enterprises Limited	British Virgin Islands 15 October 2007	USD1	Investment holding
Superb Power Enterprises Limited	British Virgin Islands 15 October 2007	USD1	Investment holding
Blooming Future Group Limited	British Virgin Islands 24 December 2007	USD1	Investment holding
Cheerfar Enterprises Limited	British Virgin Islands 28 January 2008	USD1	Investment holding
Easy Cheer Enterprises Limited	British Virgin Islands 28 January 2008	USD1	Investment holding
Magic Dynasty Enterprises Limited	British Virgin Islands 10 January 2008	USD1	Investment holding
Proper Way Enterprises Limited	British Virgin Islands 7 April 2008	USD1	Investment holding
Allyking Enterprises Limited	British Virgin Islands 7 May 2008	USD1	Investment holding
Profit Yield Limited	British Virgin Islands 3 March 2009	USD1	Investment holding

**APPENDIX II****UNAUDITED COMBINED FINANCIAL INFORMATION  
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<b>Name of subsidiary</b>	<b>Place and date of incorporation/ establishment</b>	<b>Issued/paid-in capital</b>	<b>Principal activities</b>
Smartpass Limited	British Virgin Islands 3 March 2009	USD1	Investment holding
Triumph Advance Limited	British Virgin Islands 17 March 2009	USD1	Investment holding
Willease Limited	British Virgin Islands 17 March 2009	USD1	Investment holding
Jolly Ace Limited	British Virgin Islands 17 March 2009	USD1	Investment holding
Hillwing Limited	British Virgin Islands 23 April 2009	USD1	Investment holding
Redrise Limited	British Virgin Islands 23 April 2009	USD1	Investment holding
Sharpmove Limited	British Virgin Islands 23 April 2009	USD1	Investment holding
Talent Key Limited	British Virgin Islands 23 April 2009	USD1	Investment holding
Favour Century Investments Limited	British Virgin Islands 17 June 2009	USD1	Investment holding
Sky Build Limited	British Virgin Islands 20 October 2009	USD1	Investment holding
Sunlight Ocean Limited	British Virgin Islands 20 October 2009	USD1	Investment holding
Higher Wealth Limited	British Virgin Islands 3 March 2010	USD1	Investment holding
Macro Bright Limited	British Virgin Islands 22 January 2010	USD1	Investment holding
Shiny Green Limited	British Virgin Islands 3 March 2010	USD1	Investment holding
Tai Sheng Limited	British Virgin Islands 22 January 2010	USD1	Investment holding
Victor Max Limited	British Virgin Islands 22 January 2010	USD1	Investment holding
View Spring Limited	British Virgin Islands 30 April 2010	USD1	Investment holding
Bright Score Limited	British Virgin Islands 13 July 2010	USD1	Investment holding



Name of subsidiary	Place and date of incorporation/ establishment	Issued/paid-in capital	Principal activities
Mighty Speed Limited	British Virgin Islands 13 July 2010	USD1	Investment holding
Pointed Bright Limited	British Virgin Islands 13 July 2010	USD1	Investment holding
Champ Ahead Limited	British Virgin Islands 13 July 2010	USD1	Investment holding
Fresh Ace Investment Limited	British Virgin Islands 31 July 2009	USD1	Investment holding
Stone Wealth Limited	British Virgin Islands 27 July 2011	USD1	Investment holding

Upon completion of the Disposal, the Target Group will cease to be held by the Company.

The Unaudited Combined Financial Information is presented in Renminbi as the operation of the Target Group are conducted in the People's Republic of China.

## 2 BASIS OF PREPARATION OF THE UNAUDITED COMBINED FINANCIAL INFORMATION

The unaudited combined financial information of the Target Group for the three years ended 31 December 2013, 2014 and 2015 (the "Relevant Periods") (the "Unaudited Combined Financial Information") has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Listing Rules, and solely for the purpose of inclusion in this circular to be issued by the Company in connection with the disposal of the Target Group. Since all entities to be composed of the Target Group are under common control of the Company during the Relevant Periods but do not constitute a separate legal consolidated group, the Unaudited Combined Financial Information has been presented on a combined basis and the parent's net investment is shown in lieu of shareholder's equity in the Unaudited Combined Financial Information. Parent's net investment mainly includes the initial capital injection made by the immediate holding company of the Target Group (the "Parent"), the Parent's share of accumulated profit or loss and other comprehensive income and other distributions to or contributions by the Parent.

The Unaudited Combined Financial Information of the Target Group has been prepared and measured at the carrying amount of the entities to be composed of the Target Group reflected in the consolidated financial statements of the Group for the Relevant Periods. It is prepared by combination of the relevant financial statements, including the combined statements of profit or loss, combined statements of profit or loss and other comprehensive income, combined statements of changes in equity, the combined cash flow statements of the Target Group for the years ended 31 December 2013, 2014 and 2015 and the combined statements of financial position of the Target Group as at 31

December 2013, 2014 and 2015 of the companies comprising the Target Group (collectively, “Standalone Financial Statements”), and adjusted by the effects of capitalisation of borrowing costs reflected in the consolidated financial statements of the Group that are directly attributable to the Target Group but are not reflected in the Standalone Financial Statements. All material intra-group transactions and balances have been eliminated when preparing the Unaudited Combined Financial Information.

The Unaudited Combined Financial Information has been prepared in accordance with the same accounting policies as those adopted by the Group in the preparation of the consolidated financial statements of the Group for the Relevant Periods. The consolidated financial statements of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Unaudited Combined Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised), *Presentation of Financial Statements*, or an interim financial report as defined in Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the HKICPA and should be read in connection with the relevant published annual report of the Company for the Relevant Periods.

- 3 As described in the Section headed “Letter from the Board — the Proposed Disposal — C. Reorganisation” of the Circular, a net liability which is payable to the Remaining Group amounting to RMB10,112,118,000 shall be capitalised at the date of completion of the Reorganisation.

**(A) BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA INFORMATION  
OF THE REMAINING GROUP**

**1. Introduction**

The following is a summary of illustrative unaudited pro forma financial information of the Remaining Group in connection with the sale of the entire issued share capital of the Stone Wealth Limited (the “Target Company”), which will hold all the entities that interested in the Disposal Properties upon completion of a reorganisation and its related shopping mall businesses (collectively referred to as the “Target Group”) as described in the Section headed “Letter from the Board-the Proposed Disposal” in the Circular (the “Disposal”). The unaudited pro forma financial information presented below is prepared to illustrate (i) the financial position of the Remaining Group as at 31 December 2015 as if the Disposal had been completed on 31 December 2015; and (ii) the statement of profit or loss, the statement of profit or loss and other comprehensive income and cash statement of the Remaining Group for the year ended 31 December 2015 as if the Disposal had been completed on 1 January 2015.

The unaudited pro forma financial information is prepared by the directors of the Company in accordance with Paragraph 4.29 of the Listing Rules and has been prepared by the Directors of the Company for the purpose of illustrating the effect of the Disposal.

Narrative descriptions of the unaudited pro forma adjustments that are directly attributable to the Disposal and factually supportable are summarised in the accompanying notes to the unaudited pro forma financial information.

The unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial results, cash flows and financial position of the Remaining Group had the Disposal been completed as of the specified dates or any other dates.

The unaudited pro forma financial information of the Remaining Group is based upon the consolidated financial information of the Group for the year ended 31 December 2015, which has been derived from the Company’s annual report for the year then ended as referred to in Appendix I to this Circular and the combined financial information of the Target Group for the year ended 31 December 2015 as set out in Appendix II to this Circular, and adjusted on a pro forma basis to reflect the effect of the Disposal. These pro forma adjustments are directly attributable to the Disposal and not relating to other future events and decisions.

The unaudited pro forma financial information of the Remaining Group should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2015 and other financial information included elsewhere in this Circular.

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**2. Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 31 December 2015**  
(Expressed in Renminbi)

	The Group as at 31 December 2015		Pro forma adjustments			The Remaining Group as at 31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note (a)	Note (b)	Note (c)	Note (d)	
<b>Non-current assets</b>						
Property and equipment	535,719	(14,917)				520,802
Investment properties	23,001,104	(22,990,227)				10,877
Intangible assets	6,358,083	—				6,358,083
Goodwill	750,172	(363,792)				386,380
Other assets	1,077,057	(842,892)	(234,165)			—
Deferred tax assets	137,332	(137,332)				—
Trade receivables and other assets	<u>261,642</u>	<u>(261,642)</u>				<u>—</u>
<b>Total non-current assets</b>	<u>32,121,109</u>	<u>(24,610,802)</u>				<u>7,276,142</u>
<b>Current assets</b>						
Inventories	4,770,016	(4,727,550)				42,466
Trade receivables and other assets	436,421	(5,848,249)		5,544,832		133,004
Cash at bank and on hand	<u>908,400</u>	<u>(382,431)</u>			6,489,000	<u>7,014,969</u>
<b>Total current assets</b>	<u>6,114,837</u>	<u>(10,958,230)</u>				<u>7,190,439</u>
<b>Current liabilities</b>						
Interest-bearing borrowings	4,681,113	(1,087,795)				3,593,318
Trade and other payables	5,157,236	(19,139,380)		15,666,950		1,684,806
Taxation	<u>46,821</u>	<u>(8,928)</u>				<u>37,893</u>
<b>Total current liabilities</b>	<u>9,885,170</u>	<u>(20,236,103)</u>				<u>5,316,017</u>
<b>Net current liabilities</b>	<u>(3,770,333)</u>	<u>9,277,873</u>				<u>1,874,422</u>
<b>Total assets less current liabilities</b>	<u>28,350,776</u>	<u>(15,332,929)</u>				<u>9,150,564</u>

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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	The Group as at 31 December 2015		Pro forma adjustments				The Remaining Group as at 31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note (a)	Note (b)	Note (c)	Note (d)		
<b>Non-current liabilities</b>							
Interest-bearing borrowings	2,067,480	(2,067,480)					—
Long-term rental deposits	17,282	—					17,282
Deferred tax liabilities	4,609,915	(3,023,346)					1,586,569
Receipt in advance	21,867	(12,726)					9,141
<b>Total non-current liabilities</b>	<u>6,716,544</u>	<u>(5,103,552)</u>					<u>1,612,992</u>
<b>Net assets</b>	<u>21,634,232</u>	<u>(10,229,377)</u>					<u>7,537,572</u>
<b>Equity</b>							
Share capital	366,604	—					366,604
Reserves	21,228,818	—			(14,057,850)		7,170,968
Parent's net investment	—	(10,190,567)	(234,165)	(10,122,118)	20,546,850		—
<b>Non-controlling interests</b>	<u>38,810</u>	<u>(38,810)</u>					<u>—</u>
<b>Total equity</b>	<u>21,634,232</u>	<u>(10,229,377)</u>					<u>7,537,572</u>

Notes:

- (a) The adjustments represent the exclusion of assets and liabilities of the Target Group as if the Disposal had taken place on 31 December 2015 for the unaudited pro forma consolidated statement of financial position. The balances are extracted from the unaudited financial information of the Target Group as at and for the year ended 31 December 2015 as set out in Appendix II to this Circular.
- (b) The adjustments represent prepayment for acquisition of non-controlling interest of one member of the Target Group. The Group has previously entered into an agreement with the non-controlling equity holder to acquire this non-controlling interest and has prepaid RMB234.2 million to the holder. The rights and obligations under the aforesaid agreement (including the right to acquire such non-controlling interest) will also be assigned to the Target Company pursuant to the Reorganisation, as described in Section headed "Letter from the Board — the Proposed Disposal — C. Reorganisation" of the Circular.
- (c) The adjustments represent net liability of the entities to be composed of the Target Group due to the Remaining Group which will be capitalised at the date of completion of the Reorganisation pursuant to the Reorganisation.
- (d) The adjustments represent:
  - (i) the cash consideration of US\$1,000 million (equivalent to RMB6,500 million) being the amount the Purchaser required to settle for the purpose of acquiring the Target Group pursuant to the terms of the Put Option that the Purchaser has granted to the Company. The Company has exercised the Put Option as on 18 March 2016, and the Completion is subject to the conditions precedent stated under the Option Deed have been occurred, fulfilled or waived (as appropriate).

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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- (ii) the estimated net loss on the Disposal as if it had taken place on 31 December 2015, which is as follows:

	<i>RMB'000</i>
Total consideration for the Disposal	6,500,000
Less: Estimated professional costs directly attributable to the Disposal	<u>11,000</u>
Estimated net proceeds from the Disposal	6,489,000
Less: Net assets of the Target Group as at 31 December 2015 attributable to the Company	10,190,567
Prepayment for acquisition of non-controlling interest of the Target Group which will be acquired by the Purchaser	234,165
Net liability due to the Remaining Group which will be capitalised pursuant to the Reorganisation as at 31 December 2015	<u>10,122,118</u>
Estimated loss on the Disposal	<u><u>(14,057,850)</u></u>

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**3. Unaudited pro forma consolidated statement of profit or loss of the Remaining Group for the year ended 31 December 2015**  
(Expressed in Renminbi)

	The Group for the year ended 31 December 2015		Pro forma adjustments			The Remaining Group for the year ended 31 December 2015
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note (e)	Note (f)	Note (g)	Note (h)	
Revenue	870,686	(484,045)				386,641
Cost of sales	<u>(1,231)</u>	<u>1,231</u>				<u>—</u>
<b>Gross profit</b>	869,455	(482,814)				386,641
Net valuation loss on investment properties	(4,441,711)	4,441,711				—
(Loss)/profit on disposal of investment properties	(120)	120				—
Other income	149,438	(104,275)				45,163
Administrative expenses	(702,001)	304,825				(397,176)
Goodwill impairment losses	(1,132,950)	—				(1,132,950)
Disposal losses	—	—		570,321	(17,022,733)	(16,452,412)
Other operating expenses	<u>(452,388)</u>	<u>211,952</u>				<u>(240,436)</u>
<b>Loss from operations</b>	<u>(5,710,277)</u>	<u>4,371,519</u>				<u>(17,791,170)</u>
Finance income	728,814	(112,317)				616,497
Finance expenses	<u>(555,918)</u>	<u>260,222</u>	(96,480)			<u>(392,176)</u>
Net finance income	<u>172,896</u>	<u>147,905</u>				<u>224,321</u>
<b>Loss before income tax</b>	(5,537,381)	4,519,424				(17,566,849)
Income tax	<u>1,000,628</u>	<u>(1,036,308)</u>				<u>(35,680)</u>
<b>Loss for the year</b>	<u>(4,536,753)</u>	<u>3,483,116</u>				<u>(17,602,529)</u>
<b>Attributable to:</b>						
Equity shareholders of the Company/parent's net investment	(4,435,683)	3,382,046	(96,480)	570,321	(17,022,733)	(17,602,529)
Non-controlling interests	<u>(101,070)</u>	<u>101,070</u>				<u>—</u>
<b>Loss for the year</b>	<u>(4,536,753)</u>	<u>3,483,116</u>				<u>(17,602,529)</u>

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**4. Unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Remaining Group for the year ended 31 December 2015**

*(Expressed in Renminbi)*

	The Group for the year ended 31 December 2015		Pro forma adjustments		The Remaining Group for the year ended 31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>Note (e)</i>	<i>Note (f)</i>	<i>Note (g)</i>	<i>Note (h)</i>
<b>Loss for the year</b>	(4,536,753)	3,483,116			(17,602,529)
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>					
<i>Items that maybe reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of financial statements of foreign operations	(260,807)	547,193		(570,321)	(283,935)
<b>Total comprehensive income for the year</b>	<u>(4,797,560)</u>	<u>4,030,309</u>			<u>(17,886,464)</u>
<b>Attributable to:</b>					
Equity shareholders of the Company/parent's net investment	(4,696,490)	3,929,239	(96,480)		(17,022,733)
Non-controlling interests	(101,070)	101,070			—
<b>Total comprehensive income for the year</b>	<u>(4,797,560)</u>	<u>4,030,309</u>			<u>(17,886,464)</u>

*Notes:*

- (e) The adjustments represent the exclusion of the results of the Target Group for the year ended 31 December 2015 as if the Disposal had been completed on 1 January 2015 for the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income. The balances are extracted from the unaudited financial information of the Target Group as at and for the year ended 31 December 2015 as set out in Appendix II to this Circular.
- (f) The adjustments represent the capitalised borrowing cost for the senior notes issued by the Company during the year ended 31 December 2015, which were not eligible to be capitalised as if the Disposal had been completed on 1 January 2015.



<b>APPENDIX III      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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- (g) According to the Group's accounting policy, the results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates at the end of each reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

The adjustments represent the cumulative amount of the exchange differences relating to foreign operations of the Target Group reclassified to profit or loss as if the Disposal had been completed on 1 January 2015.

- (h) The adjustments represent:

- (i) the estimated net loss on the Disposal as if it had taken place on 1 January 2015, which is as follows:

	<i>RMB'000</i>
Estimated net proceeds from the Disposal mentioned in Note(d)(ii)	6,489,000
Less: Net assets of the Target Group as at 1 January 2015	
attributable to the Company	14,023,326
Prepayment for acquisition of non-controlling interest of the Target Group which will be acquired by the Purchaser	234,165
Net liability due to the Remaining Group which will be capitalised pursuant to the Reorganisation as at 1 January 2015	<u>9,254,242</u>
Estimated loss on the Disposal	<u>(17,022,733)</u>

- (ii) the reconciliation of the carrying amount of the net assets of the Target Group is shown as below:

	<i>RMB'000</i>
Net assets of the Target Group as at 31 December 2015 attributable to the Company	10,190,567
Net loss and other comprehensive income arising from the Target Group for the year ended 31 December 2015	3,929,239
Investors' contribution during the year ended 31 December 2015*	<u>(96,480)</u>
Net assets of the Target Group as at 1 January 2015 attributable to the Company	<u>14,023,326</u>

\* Investors' contribution represents the adjustment for the effects of capitalisation of borrowing costs reflected in the consolidated financial statements of the Group that are directly attributable to the Target Group but are not reflected in the standalone financial statement of the Target Group.

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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**5. Unaudited pro forma consolidated cash flow statement of the Remaining Group for the year ended 31 December 2015**

*(Expressed in Renminbi)*

	The Group for the year ended 31 December 2015 <i>RMB'000</i>	Pro forma adjustments <i>RMB'000</i> <i>Note (j)</i> <i>RMB'000</i> <i>Note (k)</i>		The Remaining Group for the year ended 31 December 2015 <i>RMB'000</i>
<b>Operating activities</b>				
Loss for the year	(4,536,753)	3,483,116	(17,022,733)	(18,076,370)
Adjustments for:				
Depreciation	44,014	(7,750)		36,264
Amortization	140,397	—		140,397
Net finance income	(173,509)	(147,434)		(320,943)
Gain on disposal of property and equipment	(1,050)	1,083		33
Loss on disposal of investment properties	120	(120)		—
Change in fair value of investment properties	4,441,711	(4,441,711)		—
Impairment loss on receivables	135,420	(135,420)		—
Impairment loss on goodwill	1,132,950	—		1,132,950
Loss on disposal of business	—	—	17,022,733	17,022,733
Income tax	(1,000,628)	1,036,308		35,680
<b>Operating profit before changes in working capital</b>	182,672	(211,928)		(29,256)
Decrease in bank deposits	13,123	(64,611)		(51,488)
Decrease in trade receivables and other assets	103,671	(33,001)		70,670
Increase in trade and other payables	309,483	(117,993)		191,490
Increase in inventories	(125,153)	131,230		6,077
<b>Cash generated from operating activities</b>	483,796	(296,303)		187,493
Income tax refund	12,153	(12,153)		—
Income tax paid	(56,767)	23,880		(32,887)
<b>Net cash generated from operating activities</b>	439,182	(284,576)		154,606

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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	The Group for the year ended 31 December 2015 <i>RMB'000</i>	Pro forma adjustments <i>RMB'000</i> <i>Note (j)</i> <i>RMB'000</i> <i>Note (k)</i>		The Remaining Group for the year ended 31 December 2015 <i>RMB'000</i>
<b>Investing activities</b>				
Proceeds from the Disposal, net of cash disposed of	—	—	5,701,648	5,701,648
Net proceeds from disposal of investment properties	3,572	(3,572)		—
Net proceeds from disposal of property and equipment	2,120	(2,052)		68
Interest received	42,599	(6,443)		36,156
Purchase of property and equipment	(6,777)	2,657		(4,120)
Additions to investment properties	(891,065)	891,065		—
Payment for purchase of loan receivables	(837,780)	—		(837,780)
Proceeds from disposal of loan receivables	837,780	—		837,780
Acquisition of business with cash acquired	7	—		7
Decrease in time deposits	<u>51,552</u>	<u>(51,552)</u>		<u>—</u>
<b>Net cash (used in)/generated from investing activities</b>	<u>(797,992)</u>	<u>830,103</u>		<u>5,733,759</u>
<b>Financing activities</b>				
Proceeds from new borrowings	3,936,682	(1,565,000)		2,371,682
Repayment of borrowings	(1,525,125)	1,525,125		—
Repayment of senior notes	(480,747)	—		(480,747)
Repayment by tender offer of senior notes	(3,471,671)	—		(3,471,671)
Repayment to a director	(19,670)	—		(19,670)
Advances from related parties	100,000	(733,577)		(633,577)
Repayment to related parties	(100,000)	396,475		296,475
Prepayment of interest expense to a related party	(3,809)	—		(3,809)
Prepayment of rental expenses to related parties	(25,048)	—		(25,048)
Proceeds from issuance of shares under rights issue	2,645,092	—		2,645,092
Interest paid	<u>(649,300)</u>	<u>241,757</u>		<u>(407,543)</u>
<b>Net cash generated from/ (used in) financing activities</b>	<u>406,404</u>	<u>(135,220)</u>		<u>271,184</u>

<b>APPENDIX III</b>	<b>UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP</b>
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	The Group for the year ended 31 December 2015 <i>RMB'000</i>	Pro forma adjustments <i>RMB'000</i> <i>Note (j)</i>	<i>RMB'000</i> <i>Note (k)</i>	The Remaining Group for the year ended 31 December 2015 <i>RMB'000</i>
Net increase in cash and cash equivalents	47,594	410,307		6,159,549
Cash and cash equivalents at 1 January	832,941	—		832,941
Effect of foreign exchange rate changes	<u>27,865</u>	(5,386)		<u>22,479</u>
Cash and cash equivalents at 31 December	<u><u>908,400</u></u>			<u><u>7,014,969</u></u>

Notes:

- (j) The adjustments represent the exclusion of cash flows of the Target Group for the year ended 31 December 2015 as if the Disposal had been completed on 1 January 2015 for the unaudited pro forma consolidated cash flow statement. The balances are extracted from the unaudited financial information of the Target Group as at and for the year ended 31 December 2015 as set out in Appendix II to this Circular.
- (k) The adjustments represent the net cash flow as if the Disposal had taken place on 1 January 2015:

	<i>RMB'000</i>
Estimated net proceeds from the Disposal mentioned in Note (d)(ii)	6,489,000
Cash and cash equivalents held by the Target Group as at 1 January 2015	<u>(787,352)</u>
Net proceeds from the Disposal, net of cash disposed of	<u><u>5,701,648</u></u>

- (l) The adjustments in respect of the unaudited pro forma consolidated profit or loss, unaudited pro forma consolidated profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement above are not expected to have a continuing effect on the Remaining Group.
- (m) The estimated loss on the Disposal and net proceeds from the Disposal as illustrated above are subject to change on the date of completion of the Disposal. The actual carrying amount of the Target Group, cash and cash equivalents held by the Target Group and thus the gain/loss on Disposal and net proceeds from the Disposal at the date of completion will likely be different from those stated in the pro forma financial information.
- (n) No adjustment has been made to reflect any trading results or other transaction of the Group entered into subsequent to 31 December 2015 for the unaudited pro forma consolidated statement of financial position and 1 January 2015 for the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement.

**(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this Circular.*



8th Floor  
Prince's Building  
10 Chater Road  
Central  
Hong Kong  
29 April 2016

**TO THE DIRECTORS OF RENHE COMMERCIAL HOLDINGS COMPANY LIMITED  
(THE "COMPANY")**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Renhe Commercial Holdings Company Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2015 and the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2015 and related notes as set out in Part A of Appendix III to the circular dated 29 April 2016 (the "Circular") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A of Appendix III to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Disposal (as defined in the Circular) on the Group's financial position as at 31 December 2015 and the Group's financial performance and cash flows for the year ended 31 December 2015 as if the Disposal had taken place at 31 December 2015 and 1 January 2015, respectively. As part of this process, information about the Group's financial position as at 31 December 2015 and the Group's financial performance and cash flows for the year ended 31 December 2015 has been extracted by the Directors from the consolidated financial statements of the Company for the year then ended, on which an audit report has been published.

**Directors' Responsibilities for the Pro Forma Financial Information**

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants' Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("HKSAE") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the 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 purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 31 December 2015 or 1 January 2015 would have been as presented.

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A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**KPMG**

*Certified Public Accountants*

Hong Kong

*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuations as at 29 February 2016 of the property interests held by the Group located in the People's Republic of China.*

## **BMI APPRAISALS**

BMI Appraisals Limited 中和邦盟評估有限公司

33<sup>rd</sup> Floor, Shui On Centre, Nos. 6–8 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道6–8號瑞安中心33樓

Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863

Email電郵：info@bmintelligence.com Website網址：www.bmi-appraisals.com

The Directors

**Renhe Commercial Holdings Company Limited**

No. 277 Xuefu Road, Nangang District

Harbin City, Heilongjiang Province

the People's Republic of China

Dear Sirs,

### **INSTRUCTIONS**

We refer to the instructions from Renhe Commercial Holdings Company Limited (the “Company”) for us to value the properties located in the People's Republic of China (the “PRC”) in which the Company and/or its subsidiaries (together referred to as the “Group”) have interests. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the property interests held by the Group as at 29 February 2016 (the “valuation date”).

### **BASIS OF VALUATION**

Our valuations of the property interests have been based on the Market Value, which 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”.

### **PROPERTY CATEGORISATIONS**

In the course of our valuations, the property interests are categorised into the following groups:

Group I — Property interests partly held for sale and partly held for investment by the Group in the PRC

Group II — Property interests held by the Group under development in the PRC



## **VALUATION METHODOLOGIES**

For the property interests which are completed, we have adopted the Comparison Approach assuming sale in their existing states with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have been made to account for the differences between the properties and the comparables in terms of time, location, accessibility and other relevant factors. Where appropriate, we have also adopted the Investment Approach by taking into account the current passing rents of the properties being held under existing tenancies and the reversionary potential of the tenancies if they have been or would be let to tenants.

In arriving at our opinion on the market values of the property interests which are under construction, we have assumed that the properties will be developed and completed in accordance with the latest development proposals provided to us. We have adopted the Comparison Approach by making reference to the 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 developments. The “Market Value of the property interest as if completed as at the valuation date” represents our opinion of the aggregate selling prices of the development assuming that it would have been completed as at the valuation date.

## **TITLE INVESTIGATION**

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not examined the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the advice and information given by the Group’s PRC legal advisor — Jingtian & Gongcheng Attorneys at Law (北京市競天公誠律師事務所) regarding the title of the properties located in the PRC. All documents have been used for reference only.

## **VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the property interests are sold in the market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which would serve to affect the values of the property interests.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuations.

## **VALUATION CONSIDERATIONS**

For Property Nos. 1 to 6 and 8 to 23, we have relied on the Company’s confirmation that there have been no material changes to the physical attributes and the uses of such properties or the nature of interests being valued or the nature of their locations, since the last inspections

## **APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES**

conducted in July 2014. Thus, no re-inspections of such properties were conducted. For the remaining properties, the inspections were conducted from January to April 2016. The inspections of the properties were conducted by Ms. Joannau Chan (MHKIS), Mr. Man Lam (MHKIS), Ms. Ellen Lo (BSc in Valuation & Estate Management), Mr. Edmund Cheng (MRICS), Mr. Andy Lee (MSc in Surveying, MRICS), Ms. Yates Wong (MSc(RealEst)), Mr. Lawrence Lee (MSc in Construction and Real Estate), Ms. Krain Li (MSc in Construction and Real Estate) and Mr. Zhang Nan (MSc in Geomatics).

We inspected the properties externally and where possible, the interior of the properties during the inspections. During the course of our inspections, we did not note any serious defects. However, no structural surveys have been made nor have any tests been carried out on any of the services provided in the properties. We are, therefore, unable to report that the properties are free from rot, infestation or any other structural defects.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the properties and all other relevant matters.

Except otherwise stated, dimensions, measurements and site/floor areas included in the valuation certificates are based on information contained in the documents provided to us and are therefore only approximations.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the documents handed to us are correct.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale or purchase.

Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## **REMARKS**

Unless otherwise stated, all money amounts stated herein are in Renminbi (RMB) and no allowances have been made for any exchange transfer.

Our summary of values and the valuation certificates are attached herewith.

Yours faithfully,  
For and on behalf of  
**BMI APPRAISALS LIMITED**  
**Joannau W.F. Chan**  
*BSc., MSc., MRICS, MHKIS, RPS(GP)*  
*Senior Director*

*Note:* Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 23 years' experience in valuations of properties in Hong Kong and over 17 years' experience in valuations of properties in the People's Republic of China.

<b>APPENDIX IV      VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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## SUMMARY OF VALUES

No. Property	Market Value in existing state as at 29 February 2016 <i>RMB</i>
<b>Group I — Property interests partly held for sale and partly held for investment by the Group in the PRC</b>	
1. Portions of Jinzhou First Tunnel Project, Zhongyang Avenue, Linghe District, Jinzhou City, Liaoning Province, the PRC	702,000,000
2. Portions of Phase I of Guangzhou Project located at the junction of Zhanqian Road and Zhannan Road, Yuxiu District, Guangzhou City, Guangdong Province, the PRC	364,000,000
3. Phase II of Guangzhou Project located at the junction of Zhanqian Road and Zhannan Road, Yuxiu District, Guangzhou City, Guangdong Province, the PRC	1,700,000,000
4. Portions of Handan Project, Heping Road, Lingxi Road, Huancheng Road West, Congtai District, Handan City, Hebei Province, the PRC	1,269,000,000
5. Portions of Putian Project, Wenxian Road, Licheng District, Putian City, Fujian Province, the PRC	626,000,000
6. Portions of Anyang Project, Jiefang Avenue, Beiguan District, Anyang City, Henan Province, the PRC	425,000,000

<b>APPENDIX IV      VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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No. Property	Market Value in existing state as at 29 February 2016 <i>RMB</i>
7. Portions of Liaoning Renhe Project, Taiyuan North Street, Zhongshan Road, Heping District, Shenyang City, Liaoning Province, the PRC	1,606,000,000
8. Portions of Harbin Renhe Century (Guogeli Avenue) Project located at Guogeli Avenue within the section between Dongdazhi Street and Majia Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	87,000,000
9. Harbin Renhe Spring (Century Phase 3) Project located at Maimai Street, Daoli District, Harbin City, Heilongjiang Province, the PRC	423,000,000
10. Portions of Harbin Phase 4 (Dongdazhi Avenue) Project located at Dongdazhi Avenue within the section between Longjiang Road and Kuancheng Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	670,000,000
11a. Portions of Harbin (Huayuan Street) Project located at Huayuan Street within the section between Guogeli Avenue and Hongjun Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	189,700,000
11b. Portions of Harbin (Jianshe Street) Project located at Jianshe Street within the section between Huayuan Street and Youzheng Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	9,700,000

<b>APPENDIX IV      VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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No. Property	Market Value in existing state as at 29 February 2016 <i>RMB</i>
12. Portions of Harbin (Toulong Street) Project located at Toulong Street at its junction with Zhaolin Street, Daoli District, Harbin City, Heilongjiang Province, the PRC	158,900,000
13. Portions of The First Tunnel of Shenyang, Changjiang Street, Huanggu District, Shenyang City, Liaoning Province, the PRC	2,284,000,000
14. Portions of Zhongjie Road Civil Air Defence Project, Zhongjie Road and Zhengyang Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	1,357,000,000
15. Portions of Central Avenue Shopping Mall, Daoli District, Harbin City, Heilongjiang Province, the PRC	158,000,000
16. Portions of Sofia Shopping Mall, Daoli District, Harbin City, Heilongjiang Province, the PRC	94,000,000
17. Fushun Project, Zhongyang Avenue and Dongyi Road, Xinfu District, Fushun City, Liaoning Province, the PRC	193,000,000
18. Portions of Emporium Phase 1, Dongdazhi Road and Jilin Road, Nangang District, Harbin City, Heilongjiang Province, the PRC	272,100,000

<b>APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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No. Property	Market Value in existing state as at 29 February 2016 <i>RMB</i>
19a. Portions of Emporium Phase 2, Dongdazhi Road and Jilin Road, Nangang District, Harbin City, Heilongjiang Province, the PRC	314,100,000
19b. Portions of Hada Gexin Mall, Gexin Road, Nangang District, Harbin City, Heilongjiang Province, the PRC	174,500,000
20. Portions of Renhe Wuxi Merchants City, Tangnan Road, Wuxi City, Jiangsu Province, the PRC	3,930,000,000
21. Portions of The Renhe First Tunnel of Wuhan, Zhongshan Avenue, Duofu Road, Liji Road South, Youyi Road South, Qiaokou District, Wuhan City, Hubei Province, the PRC	1,493,000,000
22a. Portions of The Renhe First Tunnel of Ganzhou Phase 1, No. 11 Wenqing Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC	278,000,000
22b. Portions of The Renhe First Tunnel of Ganzhou Phase 2, No. 11 Wenqing Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC	241,000,000
23. Portions of The First Tunnel of Dongmaoling Road and Pedestrian Street, Yueyanglou District, Yueyang City, Hunan Province, the PRC	1,039,000,000
<b>Sub-total:</b>	<hr style="width: 100%; border: 0.5px solid black;"/> 20,058,000,000

<b>APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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No. Property	Market Value in existing state as at 29 February 2016 <i>RMB</i>
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**Group II — Property interests held by the Group under development in the PRC**

24. Yantai Project located at the junction of Xida Street and Qingnian Road, Zhifu District, Yantai City, Shandong Province, the PRC	No Commercial Value
25. Phase I of Humen Project located at the junction of Tiyu Road and Zhangde Road, Humen Town, Dongguan City, Guangdong Province, the PRC	No Commercial Value
26a. Portions of Phase II of Humen Project located at the junction of Humen Avenue and Bada Avenue, Humen Town, Dongguan City, Guangdong Province, the PRC	No Commercial Value
26b. Portions of Phase II of Humen Project located at the junction of Humen Avenue and Taisha Road and the junction of Guanyong Road and Liansheng Road, Humen Town, Dongguan City, Guangdong Province, the PRC	No Commercial Value
27. Qinhuangdao Project located at Wenhua Road, Haigang District, Qinhuangdao City, Hebei Province, the PRC	No Commercial Value
28. Anshan Renhe Spring Project located at No. 24 Dongshan Street, Tiedong District, Anshan City, Liaoning Province, the PRC	179,000,000



<b>APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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No. Property	Market Value in existing state as at 29 February 2016 <i>RMB</i>
29a. Shengjing Road Civil Air Defence Project, Shengjing Road, North Zhongjie Road and Shenyang Road, Shenhe District, Shenyang City, Liaoning Province, the PRC	No Commercial Value
29b. Chaoyang Street Civil Air Defence Project, Chaoyang Street and North Tongtian Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	No Commercial Value
29c. Minzhu Road Civil Air Defence Project, Minzhu Road, Heping District, Shenyang City, Liaoning Province, the PRC	No Commercial Value
30. Phase I of Banan Project, Yuqing Road, Xinshi Street and Baxian Avenue, Banan District, Chongqing, the PRC	No Commercial Value
31. Phase I of Dadukou Project, Songqing Road and Jinxia Street, Dadukou District, Chongqing, the PRC	No Commercial Value
32. Anshan Project, Guang Chang Dong Road and Guang Chang Xi Road, Gaoxin District, Anshan City, Liaoning Province, the PRC	No Commercial Value
33. Yingtan Project, Shengli Road, Jiaotong Road and Yingtan Park, Yuehu District, Yingtan City, Jiangxi Province, the PRC	No Commercial Value

<b>APPENDIX IV      VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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No. Property	Market Value in existing state as at 29 February 2016 <i>RMB</i>
34. Sanya Project located at Yingbin Road and Xueyuan Road, Sanya City, Hainan Province, the PRC	No Commercial Value  <hr/>
	Sub-total: <hr/> 179,000,000
	Grand-total: <hr/> <hr/> 20,237,000,000

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

### Group I — Property interests partly held for sale and partly held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 <i>RMB</i>
1.	Portions of Jinzhou First Tunnel Project, Zhongyang Avenue, Linghe District, Jinzhou City, Liaoning Province, the PRC	<p>The property comprises various portions of a single-storey underground shopping mall (the “project”) completed in 2013.</p> <p>The total gross floor area (“GFA”) of the property is approximately 40,346 sq.m.</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 29,581 sq.m. are held for sale whilst the remaining portions of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 33,418.99 sq.m. were under various tenancies for various terms with the latest expiry date on 22 June 2017 at a total monthly rent of about RMB2,278,055 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	702,000,000

*Notes:*

1. The property is located in the centre of Jinzhou City which is about 13 km from the airport in Jinzhou City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Use Contract dated 23 August 2010, Jinzhou Renhe First Tunnel Public Facilities Management Co., Ltd. (“Jinzhou Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Jinzhou Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 210700201180, dated 2 December 2011, the project was permitted to be developed.
4. Pursuant to a Construction Works Commencement Permit, No. 210700201112300219004701103894, dated 30 December 2011, the construction work of the project was permitted to commence.
5. Pursuant to a Construction Project Fire Service Inspection Opinion, dated 12 November 2013, the inspection for fire service of the project was passed.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Jinzhou Renhe has the rights to use the underground space of the land at which the property is located;

<b>APPENDIX IV      VALUATION REPORT OF THE DISPOSAL PROPERTIES</b>
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- b.     Jinzhou Renhe is entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
- c.     As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
- d.     The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
2.	Portions of Phase I of Guangzhou Project located at the junction of Zhanqian Road and Zhannan Road, Yuexiu District, Guangzhou City, Guangdong Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) with a site area of approximately 24,855 sq.m. completed in 2006.</p> <p>The total gross floor area (“GFA”) of the property is approximately 4,250 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 11 December 2046 for commercial use.</p>	<p>Portions of the property with a total GFA of approximately 3,314.59 sq.m. were under various tenancies for various terms with the latest expiry date on 31 December 2018 at a total monthly rent of about RMB276,776 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	364,000,000

*Notes:*

1. The property is located at Yuexiu District of Guangzhou City which is about 32 km from the airport in Guangzhou City. The immediate locality is a commercial area.
2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Sui Fu Guo Yong (2006) Di No. 01100189, issued by Guangzhou City State-owned Land Resources and Building Management Bureau (廣州市國土資源和房屋管理局) dated 18 December 2006, the land use rights of the project with a site area of 24,854.805 sq.m. have been granted to Guangzhou Guangzhou Renhe New World Public Facilities Co., Ltd. (“Guangzhou Renhe”) for terms of 70 years for residential use, 40 years for commercial, tourism and entertainment uses and 50 years for other uses, commencing on 12 December 2006.
3. Pursuant to a Construction Works Planning Permit, Sui Gui Jian Zheng (2005) No. 879, dated 13 June 2005, the project was permitted to be developed.
4. Pursuant to a Construction Planning Completion Inspection Certificate and Construction Fire Service Completion Inspection Opinion, dated 7 July 2008 and 31 August 2008 respectively, the completion inspections of planning and fire service of the project were passed.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Guangzhou Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Guangzhou Renhe is entitled to occupy and use the property and receive income from the property for a term not less than 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

**VALUATION CERTIFICATE**

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
3.	Phase II of Guangzhou Project located at the junction of Zhanqian Road and Zhannan Road, Yuexiu District, Guangzhou City, Guangdong Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) completed in January 2016.</p> <p>The total gross floor area (“GFA”) of the property is approximately 41,861 sq.m. (including car parking area with a total GFA of approximately 5,587 sq.m.).</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 35,000 sq.m. are held for sale whilst the remaining portions of the property are held for investment.</p> <p>The operation rights of the property are held for a term not less than 40 years.</p>	As advised by the Group, portions of the property were under trial operation as at the valuation date whilst the remaining portions were vacant as at the valuation date.	1,700,000,000

*Notes:*

1. The property is located at Yuexiu District of Guangzhou City which is about 32 km from the airport in Guangzhou City. The immediate locality is a commercial area.
2. Pursuant to a Construction Works Planning Permit, Sui Gui Jian Zheng (2012) No. 1547, dated 22 August 2012, the project was permitted to be developed by Guangzhou Guangzhou Renhe New World Public Facilities Co., Ltd. (“Guangzhou Renhe”).
3. Pursuant to a Construction Fire Service Completion Inspection Opinion, dated 4 January 2016, the completion inspection of fire service of the project were passed.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Guangzhou Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Guangzhou Renhe is entitled to occupy and use the property and receive income from the property for a term not less than 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
4.	Portions of Handan Project, Heping Road, Lingxi Road, Huancheng Road West, Congtai District, Handan City, Hebei Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2011.</p> <p>The total gross floor area (“GFA”) of the property is approximately 67,021 sq.m.</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 4,451 sq.m. are held for sale whilst the remaining portions of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 7,892 sq.m. were under various tenancies for various terms with the latest expiry date on 14 August 2016 at a total monthly rent of about RMB57,179 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	1,269,000,000

### Notes:

1. The property is located at Congtai District of Handan City which is about 12 km from the airport in Handan City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Use Agreement dated 21 September 2009, Handan Renhe New World Public Facilities Co., Ltd. (“Handan Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Handan Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 130400201100026, dated 21 April 2011, the project was permitted to be developed.
4. Pursuant to a Construction Project Fire Service Inspection Opinion, dated 30 August 2011, the inspection for fire service of the project was passed.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Handan Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Handan Renhe is entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
5.	Portions of Putian Project, Wenxian Road, Licheng District, Putian City, Fujian Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2011.</p> <p>The total gross floor area (“GFA”) of the property is approximately 43,194 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	As advised by the Company, the property was vacant as at the valuation date.	626,000,000

*Notes:*

1. The property is located in the centre of Putian City which is about 100 km from the nearest airport in Fuzhou City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Use Agreement dated 8 September 2009, Hong Kong Jinfengji Co., Ltd. (香港金豐基有限公司) (“Jinfengji”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Jinfengji has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 350300201007004, dated 19 November 2010, the project was permitted to be developed.
4. Pursuant to a Construction Project Fire Service Inspection Opinion, Pu Gong Xiao Zi [2011] Di No. 77, dated 26 December 2011, the inspection for fire service of the project was passed.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Putian Renhe New World Public Facilities Co., Ltd (“Putian Renhe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. Putian Renhe is entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.



# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
6.	Portions of Anyang Project, Jiefang Avenue, Beiguan District, Anyang City, Henan Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2011.</p> <p>The total gross floor area (“GFA”) of the property is approximately 23,625 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 21,803 sq.m. were under various tenancies for various terms with the latest expiry date on 27 August 2017 at a total monthly rent of about RMB809,643 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	425,000,000

*Notes:*

1. The property is located in the centre of Anyang City which is about 220 km from the nearest airport in Zhengzhou City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Investment Agreement dated 27 February 2010, Hong Kong Juda Investment Co., Ltd. (香港鉅達投資有限公司) (“Juda Investment”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Juda Investment has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed by the end of December 2010. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Works Planning Permit, An Gui Guan Jian Gong Zi No. (2016) 016, dated 15 March 2011, the project was permitted to be developed.
4. Pursuant to a Construction Project Fire Service Inspection Opinion, dated 20 July 2011, the inspection for fire service of the project was passed.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Anyang Renhe New World Public Facilities Co., Ltd (“Anyang Renhe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. Anyang Renhe is entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
7.	Portions of Liaoning Renhe Project, Taiyuan North Street, Zhongshan Road, Heping District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2013.</p> <p>The total gross floor area (“GFA”) of the property is approximately 57,851 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 19,986 sq.m. were under various tenancies for various terms with the latest expiry date on 31 December 2016 at a total monthly rent of about RMB212,814 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	1,606,000,000

*Notes:*

1. The property is located in the centre of Shenyang City which is about 26 km from the airport in Shenyang City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction, Development and Operation Rights Transaction Contract dated 16 December 2010, the Company has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, the Company has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 210100201100019, dated 22 March 2011, the project was permitted to be developed.
4. Pursuant to a Construction Works Commencement Permit, No. 201000201103240601, dated 24 March 2011, the construction work of the project was permitted to commence.
5. Pursuant to a Construction Project Fire Service Inspection Opinion, Shen Gong Xiao Yan Zi [2013] Di No. 0370, dated 25 November 2013, the inspection for fire service of the project was passed.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Liaoning Renhe New World Public Facilities Co., Ltd (“Liaoning Renhe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. Liaoning Renhe is entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
8.	Portions of Harbin Renhe Century (Guogeli Avenue) Project located at Guogeli Avenue within the section between Dongdazhi Street and Majia Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2003.</p> <p>The total gross floor area (“GFA”) of the property is approximately 2,305 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 12 August 2043 for commercial use.</p>	<p>Portions of the property with a total GFA of approximately 1,355 sq.m. were under various tenancies for various terms with the latest expiry date on 15 January 2017 at a total monthly rent of about RMB158,057 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	87,000,000

*Notes:*

1. The property is located at Nangang District of Harbin City which is about 38 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Ha Guo Yong (2003) Di No. 79940 dated 19 August 2003, the land use rights of the project with a site area of 8,372.6 sq.m. have been granted to Harbin Renhe Century Public Facilities Company Limited (哈爾濱人和世紀公共設施有限公司) (“Harbin Renhe Century”), a wholly-owned subsidiary of the Company, for a term expiring on 12 August 2043.
3. Pursuant to a Building Ownership Certificate (房屋所有權證), Ha Fang Quan Zheng Nan Zi Di No. 1201060107 issued by Harbin Municipal Housing Security and Real Estate Management Bureau dated 12 November 2012, the property is held by Harbin Renhe Century for commercial use.
4. Pursuant to a Proof issued by Harbin Municipal Civil Air Defence Office dated 27 May 2008, Harbin Renhe Century has the rights to use, operate, manage and is entitled to receive income from the project for commercial operation for a term not less than 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Renhe Century has the rights to use the underground space of the land at which the property is located;
  - b. According to Company’s information and common practice, Harbin Renhe Century should be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
9.	Harbin Renhe Spring (Century Phase 3) Project located at Maimai Street, Daoli District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises a single-storey underground shopping mall (the “project”) completed in 2008.</p> <p>The total gross floor area (“GFA”) of the property is approximately 16,800 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 16,244 sq.m. were under various tenancies for various terms with the latest expiry date on 30 November 2018 at a total monthly rent of about RMB2,125,291 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	423,000,000

*Notes:*

1. The property is located at Daoli District of Harbin City which is about 37 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a Transfer Agreement entered between Shanghai Zhong Sheng Tai Real Estate Development Limited (上海市中聖泰房地產開發有限公司) and Harbin Renhe Spring Public Facilities Company Limited (哈爾濱人和春天公共設施有限公司) (“Harbin Renhe Spring”) dated 13 December 2008, the former agreed to transfer to the latter the rights to receive income from the project, operate and use the project until 26 July 2023 at a consideration of RMB120,000,000.
3. Pursuant to a Underground Civil Air Defence Space Project Rights Change Opinion dated 28 December 2009, Harbin Civil Air Defence Office agrees the rights of the project including rights, responsibilities and legal duties to be changed from Harbin Renhe Spring to Harbin Renhe Century Public Facilities Company Limited (哈爾濱人和世紀公共設施有限公司) (“Harbin Renhe Century”), a wholly-owned subsidiary of the Company. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Renhe Century has the rights to use the underground space of the land at which the property is located;
  - b. According to Company’s information and common practice, Harbin Renhe Century should be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
10.	Portions of Harbin Phase 4 (Dongdazhi Avenue) Project located at Dongdazhi Avenue within the section between Longjiang Road and Kuancheng Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2010.  The total gross floor area (“GFA”) of the property is approximately 20,615 sq.m.  The operation rights of the property are held for 40 years.	Portions of the property with a total GFA of approximately 17,175 sq.m. were under various tenancies for various terms with the latest expiry date on 31 December 2016 at a total monthly rent of about RMB2,154,849 as at the valuation date.  The remaining portions were vacant as at the valuation date.	670,000,000

*Notes:*

1. The property is located at Nangang District of Harbin City which is about 38 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a Construction Land Planning Permit, Ha Gui Cheng De Zi Di No. [2009]13, dated 5 March 2009, the project was permitted to be developed by Harbin Renhe Spring Public Facilities Company Limited (哈爾濱人和春天公共設施有限公司) (“Harbin Renhe Spring”).
3. Pursuant to a Construction Works Planning Permit, Ha Gui Cheng Jian Zi Di No. [2009]8, dated 27 March 2009, the project was permitted to be developed.
4. Pursuant to a Construction Fire Service Completion Inspection Opinion, Ha Gong Ziao Yan No. [2010] 8, the completion inspection of fire service of the project was passed.
5. Pursuant to a Underground Civil Air Defence Space Project Rights Change Opinion dated 28 December 2009, Harbin Civil Air Defence Office agrees the rights of the project including rights, responsibilities and legal duties to be changed from Harbin Renhe Spring to Harbin Renhe Century Public Facilities Company Limited (哈爾濱人和世紀公共設施有限公司) (“Harbin Renhe Century”), a wholly-owned subsidiary of the Company. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Renhe Century has the rights to use the underground space of the land at which the property is located;
  - b. According to Company’s information and common practice, Harbin Renhe Century should be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
11a.	Portions of Harbin (Huayuan Street) Project located at Huayuan Street within the section between Guogeli Avenue and Hongjun Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2010.  The total gross floor area (“GFA”) of the property is approximately 6,580 sq.m.  The operation rights of the property are held for 40 years.	Portions of the property with a total GFA of approximately 5,579 sq.m. were under various tenancies for various terms with the latest expiry date on 31 December 2016 at a total monthly rent of about RMB569,617 as at the valuation date.  The remaining portions were vacant as at the valuation date.	189,700,000

*Notes:*

1. The property is located at Nangang District of Harbin City which is about 38 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a Construction Land Planning Permit, Ha Gui Cheng De Zi Di No. [2009]16, dated 30 March 2009, the project was permitted to be developed by Harbin Renhe Spring Public Facilities Company Limited (哈爾濱人和春天公共設施有限公司) (“Harbin Renhe Spring”).
3. Pursuant to a Construction Works Planning Permit, Ha Gui Cheng Jian Zi Di No. [2009]10, dated 15 April 2009, the project was permitted to be developed.
4. Pursuant to a Construction Fire Service Completion Inspection Opinion, Ha Gong Ziao Yan No. [2010] 7027 dated 1 March 2010, the completion inspection of fire service of the project was passed.
5. Pursuant to a Underground Civil Air Defence Space Project Rights Change Opinion dated 28 December 2009, Harbin Civil Air Defence Office agrees the rights of the project including rights, responsibilities and legal duties to be changed from Harbin Renhe Spring to Harbin Renhe Century Public Facilities Company Limited (哈爾濱人和世紀公共設施有限公司) (“Harbin Renhe Century”), a wholly-owned subsidiary of the Company. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Renhe Century has the rights to use the underground space of the land at which the property is located;
  - b. According to Company’s information and common practice, Harbin Renhe Century should be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
11b.	Portions of Harbin (Jianshe Street) Project located at Jianshe Street within the section between Huayuan Street and Youzheng Street, Nangang District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2011.</p> <p>The total gross floor area (“GFA”) of the property is approximately 388 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 224 sq.m. were under various tenancies for various terms with the latest expiry date on 31 October 2016 at a total monthly rent of about RMB20,161 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	9,700,000

*Notes:*

1. The property is located at Nangang District of Harbin City which is about 38 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a Construction Land Planning Permit, Ha Gui Cheng De Zi Di No. [2009]64, dated 20 November 2009, the project was permitted to be developed by Harbin Renhe Century Public Facilities Company Limited (哈爾濱人和世紀公共設施有限公司) (“Harbin Renhe Century”), a wholly-owned subsidiary of the Company.
3. Pursuant to a Construction Works Planning Permit, Ha Gui Cheng Jian Zi Di No. [2010]25, dated 23 April 2010, the project was permitted to be developed by Harbin Renhe Spring Public Facilities Company Limited (哈爾濱人和春天公共設施有限公司) (“Harbin Renhe Spring”).
4. Pursuant to a Construction Fire Service Completion Inspection Opinion, Ha Gong Ziao Yan No. [2011] 7070 dated 7 July 2011, the completion inspection of fire service of the project was passed.
5. Pursuant to a Underground Civil Air Defence Space Project Rights Change Opinion dated 28 December 2009, Harbin Civil Air Defence Office agrees the rights of the project including rights, responsibilities and legal duties to be changed from Harbin Renhe Spring to Harbin Renhe Century. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Renhe Century has the rights to use the underground space of the land at which the property is located;
  - b. According to Company’s information and common practice, Harbin Renhe Century should be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.



# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
12.	Portions of Harbin (Toulong Street) Project located at Toulong Street at its junction with Zhaolin Street, Daoli District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a single-storey underground shopping mall (the “project”) completed in 2012.</p> <p>The total gross floor area (“GFA”) of the property is approximately 5,243 sq.m.</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 4,209 sq.m. are held for sale whilst the remaining portion of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 4,582 sq.m. were under various tenancies for various terms with the latest expiry date on 30 June 2017 at a total monthly rent of about RMB170,040 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	158,900,000

*Notes:*

1. The property is located at Daoli District of Harbin City which is about 37 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a Construction Works Planning Permit, Ha Gui Cheng Jian Zi Di No. [2009]9, dated 27 March 2009, the project was permitted to be developed by Harbin New World Renhe Public Facilities Company Limited (哈爾濱新天地人和公共設施有限公司) (“Harbin New World Renhe”).
3. Pursuant to a Construction Fire Service Completion Inspection Opinion, Ha Gong Ziao Yan No. [2012] 7070 dated 9 October 2012, the completion inspection of fire service of the project was passed.
4. Pursuant to a Underground Civil Air Defence Space Project Rights Change Opinion dated 25 June 2010, Harbin Civil Air Defence Office agrees the rights of the project including rights, responsibilities and legal duties to be changed from Harbin New World Renhe to Harbin Renhe Century Public Facilities Company Limited (哈爾濱人和世紀公共設施有限公司) (“Harbin Renhe Century”), a wholly-owned subsidiary of the Company. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Renhe Century has the rights to use the underground space of the land at which the property is located;
  - b. According to Company’s information and common practice, Harbin Renhe Century should be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.



# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
13.	Portions of The First Tunnel of Shenyang, Changjiang Street, Huanggu District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2009.</p> <p>The total gross floor area (“GFA”) of approximately 73,735.33 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 42,695.53 sq.m. were under various tenancies for various terms with the latest expiry date on 4 March 2017 at a total monthly rent of about RMB3,988,392 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	2,284,000,000

*Notes:*

1. The property is located at Huanggu District of Shenyang City which is about 29 km from the airport in Shenyang City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Use Contract dated 26 September 2008, Shenyang New World Renhe Public Facilities Management Co., Ltd. (“Shenyang New World”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Shenyang New World has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 21010020080090 in July 2008, the project was permitted to be developed.
4. Pursuant to a Construction Works Commencement Permit, No. 210107200807020201 in July 2008, the construction work of the project was permitted to commence.
5. Pursuant to a Construction Project Fire Service Inspection Opinion, dated 25 September 2009, the inspection for fire service of the project was passed.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Shenyang New World has the rights to use the underground space of the land at which the property is located;
  - b. Shenyang New World is entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
14.	Portions of Zhongjie Road Civil Air Defence Project, Zhongjie Road and Zhengyang Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2013.</p> <p>The total gross floor area (“GFA”) of the property is approximately 40,801.62 sq.m.</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 34,311.62 sq.m. are held for sale whilst the remaining portion of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 13,775.17 sq.m. were under various tenancies for various terms with the latest expiry date on 15 June 2018 at a total monthly rent of about RMB666,615.17 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	1,357,000,000

*Notes:*

1. The property is located at Shenhe District of Shenyang City which is about 28 km from the airport in Shenyang City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction, Development and Operation Rights Transfer Contract dated 16 December 2010, the Company has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, the Company has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the construction project acceptance inspection date. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Civil Air Defence Construction Project Agreement dated 28 December 2010, the Company has the rights to develop the underground civil air defence space of the project. The construction of the project has to be completed within 12 months from 1 May 2011.
4. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 21010020110020, dated 22 March 2011, the project was permitted to be developed.
5. Pursuant to 2 Construction Works Commencement Permits, Nos. 201000201100020 and 201000201100021, dated 22 March 2011, the construction work of the project was permitted to commence.
6. Pursuant to a Construction Project Fire Service Inspection Opinion, dated 25 November 2013, the inspection for fire service of the project was passed.

## **APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES**

7. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
- a. Shenyang Fangcheng First Tunnel Public Facilities Co., Ltd. (“Shenyang Fangcheng”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. Shenyang Fangcheng is entitled to occupy and use the property and receive income from the property for a term of 40 years from the construction project acceptance inspection date;
  - c. The completion date of the property cannot meet the requirement stated in Note 3. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
15.	Portions of Central Avenue Shopping Mall, Daoli District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a single-storey underground shopping mall (the “project”) completed in 2010.</p> <p>The total gross floor area (“GFA”) of the property is approximately 5,402.38 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	The property was under various tenancies for various terms with the latest expiry date on 14 October 2020 at a total monthly rent of about RMB583,934 as at the valuation date.	158,000,000

### Notes:

- The property is located about 1 km and 38 km from the centre of Harbin City and the airport of Harbin City respectively. The immediate locality is a commercial area.
- Pursuant to a Certificate dated 30 December 2009, Heilongjiang Renhe Spring Public Facilities Co., Ltd. (“Heilongjiang Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Heilongjiang Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the commencement date of operation.
- Pursuant to an Underground Civil Defence Construction Project Fire Service Inspection Opinion, dated 1 March 2010, the inspection for fire service of the project was passed.
- The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - Heilongjiang Renhe has the rights to use the underground space of the land at which the property is located;
  - Heilongjiang Renhe is entitled to occupy and use the property and receive income from the property for a term not less than 40 years from the commencement date of operation;
  - As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
16.	Portions of Sofia Shopping Mall, Daoli District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a single-storey underground shopping mall (the “project”) completed in 2010.</p> <p>The total gross floor area (“GFA”) of the property is approximately 3,998.88 sq.m.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 3,448.17 sq.m. were under various tenancies for various terms with the latest expiry date on 29 June 2022 at a total monthly rent of about RMB68,391 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	94,000,000

### Notes:

1. The property is located about 1 km and 38 km from the centre of Harbin City and the airport of Harbin City respectively. The immediate locality is a commercial area.
2. Pursuant to a Certificate dated 30 December 2009, Heilongjiang Renhe Spring Public Facilities Co., Ltd (“Heilongjiang Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Heilongjiang Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the commencement date of operation.
3. Pursuant to an Underground Conversion Work Fire Service Inspection Opinion, dated 18 March 2010, the inspection for fire service of the project was passed.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Heilongjiang Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Heilongjiang Renhe is entitled to occupy and use the property and receive income from the property for a term not less than 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
17.	Fushun Project, Zhongyang Avenue and Dongyi Road, Xinfu District, Fushun City, Liaoning Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) completed in 2011.</p> <p>The total gross floor area (“GFA”) of the property is approximately 10,596 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 26 June 2050 for commercial use.</p>	The property was under various tenancies for various terms with the latest expiry date on 30 November 2020 at a total monthly rent of about RMB104,583 as at the valuation date.	193,000,000

*Notes:*

1. The property is located in the centre of Fushun City. The immediate locality is a commercial area.
2. Pursuant to two State-owned Land Use Rights Certificates (國有土地使用證), Fu Shun Guo Yong (2012) Di Nos. 0015 & 0016 dated 11 January 2012, the land use rights of the project with a total site area of 8,493 sq.m. have been granted to Fushun Renhe First Tunnel Public Facilities Management Co., Ltd. (撫順人和地一大道公共設施管理有限公司) (“Fushun Renhe”) for a term of 40 years expiring on 26 June 2050 for commercial use. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Land Planning Permit, De Zi Di No. 21040020120001 and a Construction Works Planning Permit, Jian Zi Di No. 21040020120001, respectively dated 8 January 2012 and 12 January 2012, the project was permitted to be developed.
4. Pursuant to a Construction Works Commencement Permit, No. 201400201509240201, dated 24 September 2015, the construction work of the project was permitted to commence.
5. Pursuant to a Fire Service Safety Inspection Certificate, dated 11 April 2013, the inspection for fire service safety of the project was passed.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Fushun Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Fushun Renhe is entitled to occupy and use the property and receive income from the property for a term of 40 years expiring on 26 June 2050; and
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
18.	Portions of Emporium Phase 1, Dongdazhi Road and Jilin Road, Nangang District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) with a site area of approximately 5,966.5 sq.m. completed in 1992.</p> <p>The total gross floor area (“GFA”) of the property is approximately 6,864.51 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 12 August 2043 for commercial use.</p>	<p>Portions of the property with a total GFA of approximately 4,991 sq.m. were under various tenancies for various terms with the latest expiry date on 31 December 2016 at a total monthly rent of about RMB1,630,000 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	272,100,000

*Notes:*

1. The property is located at Nangang District of Harbin City which is about 38 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Ha Guo Yong (2003) Di No. 79939, issued by the People’s Government of Harbin City (哈爾濱市人民政府) dated 19 August 2003, the land use rights of the project with a site area of 5,966.5 sq.m. have been granted to Harbin Renhe Public Facilities Co., Ltd. (哈爾濱人和世紀公共設施有限公司) (“Harbin Renhe”) for a term of 40 years for commercial use expiring on 12 August 2043.
3. Pursuant to a Building Ownership Certificate (房屋所有權證), Ha Fang Quan Zheng Nan Zi Di No.00065671, issued by Harbin City Real Estate and Housing Bureau (哈爾濱市房產住宅局) dated 15 January 2004, the project with a GFA of 15,920.38 sq.m. is held by Harbin Renhe for commercial use.
4. Pursuant to a Construction Works Planning Permit, (91) Gui Tu Gong Zi Di No. 158 dated 1991, the project was permitted to be developed.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Harbin Renhe Century is entitled to occupy and use the property and receive income from the property for not less than 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

**VALUATION CERTIFICATE**

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
19a.	Portions of Emporium Phase 2, Dongdazhi Road and Jilin Road, Nangang District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) with a site area of approximately 5,742.1 sq.m. completed in 2000.</p> <p>The total gross floor area (“GFA”) of the property is approximately 8,335.61 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 12 August 2043 for commercial use.</p>	<p>The property with a total GFA of approximately 8,335.61 sq.m. were under various tenancies for various terms with the latest expiry date on 31 December 2016 at a total monthly rent of about RMB1,790,000 as at the valuation date.</p>	314,100,000

*Notes:*

1. The property is located at Nangang District of Harbin City which is about 38 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Ha Guo Yong (2003) Di No. 79938, issued by the People’s Government of Harbin City (哈爾濱市人民政府) dated 19 August 2003, the land use rights of the project with a site area of 5,742.1 sq.m. have been granted to Harbin Baorong Public Facilities Co., Ltd. (哈爾濱寶榮公共設施有限公司) (“Harbin Baorong”) for a term of 40 years for commercial use expiring on 12 August 2043.
3. Pursuant to a Building Ownership Certificate (房屋所有權證), Ha Fang Quan Zheng Nan Zi Di No.00065672, issued by Harbin City Real Estate and Housing Bureau (哈爾濱市房產住宅局) dated 15 January 2004, the project with a GFA of 15,392.64 sq.m. is held by Harbin Baorong for commercial use.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Baorong has the rights to use the underground space of the land at which the property is located;
  - b. Harbin Baorong is entitled to occupy and use the property and receive income from the property no less than 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.



# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
19b.	Portions of Hada Gexin Mall, Gexin Road, Nangang District, Harbin City, Heilongjiang Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) with a site area of approximately 5,821.1 sq.m. completed in 2002.</p> <p>The total gross floor area (“GFA”) of the property is approximately 11,077.21 sq.m.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 12 August 2043 for commercial use.</p>	<p>Portions of the property with a total GFA of approximately 10,858 sq.m. were under various tenancies for various terms with the latest expiry date on 30 November 2016 at a total monthly rent of about RMB1,180,000 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	174,500,000

### Notes:

1. The property is located at Nangang District of Harbin City which is about 39 km from the airport in Harbin City. The immediate locality is a commercial area.
2. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Ha Guo Yong (2003) Di No. 79937, issued by the People’s Government of Harbin City (哈爾濱市人民政府) dated 19 August 2003, the land use rights of the project with a site area of 5,821.1 sq.m. have been granted to Harbin Baorong Public Facilities Co., Ltd. (哈爾濱寶榮公共設施有限公司) (“Harbin Baorong”) for a term of 40 years for commercial use expiring on 12 August 2043.
3. Pursuant to a Building Ownership Certificate (房屋所有權證), Ha Fang Quan Zheng Nan Zi Di No.00065670, issued by Harbin City Real Estate and Housing Bureau (哈爾濱市房產住宅局) dated 15 January 2004, the project with a GFA of 11,436.53 sq.m. is held by Harbin Baorong for commercial use.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Harbin Baorong has the rights to use the underground space of the land at which the property is located;
  - b. Harbin Baorong is entitled to occupy and use the property and receive income from the property for not less than 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
20.	Portions of Renhe Wuxi Merchants City, Tangnan Road, Wuxi City, Jiangsu Province, the PRC	<p>Renhe Wuxi Merchants City (the “project”) is a specialized small commodity market for retail usage completed in about 2004.</p> <p>The total gross floor area (“GFA”) of the property is approximately 420,535 sq.m. (including car parking area of approximately 56,507 sq.m.).</p> <p>The land use rights of the project have been granted for a term of 40 years expiring on 9 September 2043 for commercial use.</p>	<p>Portions of the property with a total GFA of approximately 125,329 sq.m. were under various tenancies for various terms with the latest expiry date on 31 July 2017 at a total monthly rent of about RMB12,900,000 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	3,930,000,000

*Notes:*

- The property is located about 3 km away from the centre of Wuxi City which is about 15 km from the airport in Wuxi City. The immediate locality is a mixture of commercial and residential area.
- Pursuant to 6 State-owned Land Use Rights Certificates (國有土地使用證), Xi Nan Guo Yong (2005) Di Nos. 81, 82, 84, 85, 146 & 206, issued by the People’s Government of Wuxi City (無錫市人民政府) in 2005, the land use rights of portions of the project with a total site area of 230,602.9 sq.m. have been granted to Wuxi Merchant City Co., Ltd. (無錫招商城有限公司) (“Wuxi Merchant City”) for a term of 40 years for commercial use expiring on 9 September 2043.
- Pursuant to 69 State-owned Land Use Rights Certificates (國有土地使用證), Xi Nan Guo Yong (2007) Di Nos. 2, 11, 02000268, 02000270 to 02000274, 02001514 to 02001520, 02001524 to 02001529, 02001531 to 02001535, 02001541 to 02001550, 02001552 to 02001584, issued by the People’s Government of Wuxi City (無錫市人民政府) in 2007, the land use rights of portions of the project with a total site area of 45,104.6 sq.m. have been granted to Wuxi Merchant City for a term of 40 years for commercial use expiring on 19 October 2043.
- Pursuant to 266 State-owned Land Use Rights Certificates (國有土地使用證), Xi Nan Guo Yong (2008) Di Nos. 02000384 to 02000385, 02000489 to 02000510, 02000512 to 02000521, 02000523 to 02000529, 02000531 to 02000549, 02000551 to 02000564, 02000927 to 02000955, 02000988 to 02001005, 02001007, 02001010, 02001012 to 02001020, 02001022 to 02001028, 00201030 to 02001056, 02001089 to 02001118, 02001123 to 02001138, 02001040 to 02001178, 02001180 to 02001184, 02001193 to 02001199 and 00201217, issued by the People’s Government of Wuxi City (無錫市人民政府) in 2008, the land use rights of portions of the project with a total site area of 1,815.20 sq.m. have been granted to Wuxi Merchant City for a term of 40 years for commercial use expiring on 9 September 2043.
- Pursuant to 3 Building Ownership Certificates (房屋所有權證), Xi Fang Quan Zheng Nan Chang Zi Di Nos. 20098005-1, 20098005-2 and 20098059, issued by the Wuxi City Real Estate Management Bureau (無錫市房產管理局), portions of the project with a GFA of 142,189.67 sq.m. is held by Wuxi Merchant City for non-domestic use.

## APPENDIX IV VALUATION REPORT OF THE DISPOSAL PROPERTIES

6. Pursuant to a Building Ownership Certificate (房屋所有權證), Xi Fang Quan Zheng Xin Qu Zi Di No. WX1000202994, issued by the Wuxi City Real Estate Management Bureau (無錫市房產管理局), portions of the project with a GFA of 31,711.43 sq.m. is held by Wuxi Merchant City for commercial use.
7. Pursuant to 266 Building Ownership Certificates (房屋所有權證), issued by the Wuxi City Real Estate Management Bureau (無錫市房產管理局), portions of the project with a total GFA of 25,776.38 sq.m. is held by Wuxi Merchant City for non-domestic, commercial and domestic uses.
8. Pursuant to 71 Building Ownership Certificates (房屋所有權證), issued by the Wuxi City Real Estate Management Bureau (無錫市房產管理局), portions of the project with a total GFA of 75,756.47 sq.m. is held by Wuxi Merchant City for non-domestic use.
9. Pursuant to 87 Primary Registration of Real Estate Title Certificates (房屋初始登記證), issued by the Committee of Real Estate Title of Wuxi City (無錫市房屋產權監理處), portions of the project with a total GFA of 8,682.68 sq.m. is held by Wuxi Merchant City for commercial and non-domestic uses.
10. The land parcels with a total site area of 276,231.70 sq.m. and buildings with a total GFA of 259,595.53 sq.m. of the project are subject to various mortgages in favour of Wuxi Rural Commercial Bank (江蘇錫州農村商業銀行), Bank of Jiangsu (江蘇銀行), Industrial and Commercial Bank of China Limited (工商銀行) and Shengjing Bank (盛京銀行) as security for loans with the latest expiry date on 18 June 2021.
11. For the remaining portion of the property with a total GFA of approximately 126,414.70 sq.m., we have not been provided with any title certificates. In the valuation of this property, we have attributed no commercial value to such portion as the building ownership rights of it is not vested in Wuxi Merchant City.
12. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Wuxi Merchant City has the rights to use the land and the buildings with title certificates at which the property is located; and
  - b. Wuxi Merchant City is entitled to occupy, use, transfer and lease portions of the property with title certificates with its residual term of land use rights.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
21.	Portions of The Renhe First Tunnel of Wuhan, Zhongshan Avenue, Duofu Road, Liji Road South, Youyi Road South, Qiaokou District, Wuhan City, Hubei Province, the PRC	<p>The property comprises various portions of an underground shopping mall (the “project”) with a site area of approximately 85,495 sq.m. completed in 2009.</p> <p>The total gross floor area (“GFA”) of the property is approximately 44,579 sq.m.</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 10,761 sq.m. are held for sale whilst the remaining portion of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 37,768 sq.m. were under various tenancies for various terms with the latest expiry date on 15 March 2018 at a total monthly rent of about RMB1,096,999 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	1,493,000,000

*Notes:*

1. The property is located in the centre of Wuhan City which is about 35 km from the airport in Wuhan City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Use Contract dated 8 April 2009, Wuhan Renhe Public Facilities Co., Ltd. (“Wuhan Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Wuhan Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Land Planning Permit, E Gui Yong Di No. 420100200900148 dated 3 July 2009, Wuhan Renhe is permitted to develop a project with a site area of 85,495 sq.m..
4. Pursuant to a Construction Works Planning Permit, E Gui Gong Cheng No. 420100200900154, dated 10 July 2009, the construction work of the project was permitted to be developed.
5. Pursuant to a Construction Works Commencement Permit, No.4201042009050400414BJ4001, dated 10 July 2009, the construction work of the project was permitted to commence.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Wuhan Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Wuhan Renhe is entitled to occupy and use the property and receive income from the property for 40 years from the commencement date of operation;

<b>APPENDIX IV      VALUATION REPORT ON THE DISPOSAL PROPERTIES</b>
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- c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
- d. The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
22a.	Portions of The Renhe First Tunnel of Ganzhou Phase 1, No. 11 Wenqing Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) with a site area of approximately 21,641 sq.m. completed in 2011.</p> <p>The total gross floor area (“GFA”) of the property is approximately 36,706 sq.m. (including car parking area with a total GFA of approximately 25,040 sq.m.).</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 32,242 sq.m. are held for sale whilst the remaining portion of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 4,464 sq.m. were under various tenancies for various terms with the latest expiry date on 31 December 2018 at a total monthly rent of about RMB203,548 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	278,000,000

### Notes:

- The property is located in the centre of Ganzhou City which is about 35 km from the airport in Ganzhou City. The immediate locality is a commercial area.
- Pursuant to a Civil Air Defence Construction Use Contract and a supplementary agreement dated 21 May 2010 and 28 June 2012, Ganzhou Renhe Public Facilities Co., Ltd. (“Ganzhou Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Ganzhou Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
- Pursuant to a Construction Works Planning Permit, Fang Wu Jian Zi Di No. 360701201000046, dated 30 July 2010, the project was permitted to be developed.
- The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - Ganzhou Renhe has the rights to use the underground space of the land at which the property is located;
  - Ganzhou Renhe is entitled to occupy and use the property and receive income from the property for 40 years from the commencement date of operation;
  - As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
22b.	Portions of The Renhe First Tunnel of Ganzhou Phase 2, No. 11 Wenqing Road, Zhanggong District, Ganzhou City, Jiangxi Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) with a site area of approximately 21,641 sq.m. completed in 2011.</p> <p>The total gross floor area (“GFA”) of the property is approximately 10,933 sq.m.</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 4,868 sq.m. are held for sale whilst the remaining portion of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 6,065 sq.m. were under various tenancies for various terms with the latest expiry date on 30 April 2018 at a total monthly rent of about RMB179,032 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	241,000,000

### Notes:

- The property is located in the centre of Ganzhou City which is about 25 km from the airport in Ganzhou City. The immediate locality is a commercial area.
- Pursuant to a Civil Air Defence Construction Use Contract and a supplementary agreement dated 21 May 2010 and 28 June 2012, Ganzhou Renhe Public Facilities Co., Ltd. (“Ganzhou Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Ganzhou Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
- Pursuant to a Construction Works Planning Permit, Fang Wu Jian Zi Di No. 360701201000059, dated 6 September 2010, the project was permitted to be developed.
- The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - Ganzhou Renhe has the rights to use the underground space of the land at which the property is located;
  - Ganzhou Renhe is entitled to occupy and use the property and receive income from the property for 40 years from the commencement date of operation;
  - As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - The Company has to hand over the property to the relevant government authorities during war time.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
23.	Portions of The First Tunnel of Dongmaoling Road and Pedestrian Street, Yueyanglou District, Yueyang City, Hunan Province, the PRC	<p>The property comprises various portions of a 2-storey underground shopping mall (the “project”) completed in 2012.</p> <p>The total gross floor area (“GFA”) of the property is approximately 69,574 sq.m. (including car parking area with a total GFA of approximately 9,908 sq.m.).</p> <p>As advised by the Group, portions of the property with a total GFA of approximately 16,118 sq.m. are held for sale whilst the remaining portion of the property are held for investment.</p> <p>The operation rights of the property are held for 40 years.</p>	<p>Portions of the property with a total GFA of approximately 29,108 sq.m. were under various tenancies for various terms with the latest expiry date on 7 March 2020 at a total monthly rent of about RMB1,451,113 as at the valuation date.</p> <p>The remaining portions were vacant as at the valuation date.</p>	1,039,000,000

*Notes:*

1. The property is located in the centre of Yueyang City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Use Contract dated 25 August 2010, Yueyang Renhe Public Facilities Co., Ltd. (“Yueyang Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Yueyang Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property for not less than 40 years from the commencement date of operation.
3. Pursuant to a Construction Works Planning Permit, Yue Gui Gong No. 2010078, dated 26 November 2010, the project was permitted to be developed.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Yueyang Renhe has the rights to use the underground space of the land at which the property is located;
  - b. Yueyang Renhe is entitled to occupy and use the property and receive income from the property for 40 years from the commencement date of operation;
  - c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.



**VALUATION CERTIFICATE**

**Group II — Property interests held by the Group under development in the PRC**

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
24.	Yantai Project located at the junction of Xida Street and Qingnian Road, Zhifu District, Yantai City, Shandong Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 30,000 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB227,000,000, of which approximately RMB190,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located at Zhifu District of Yantai City which is about 48 km from the airport in Yantai City. The immediate locality is a composite commercial/residential area.
2. Pursuant to a Civil Air Defence Construction Project Agreement dated 25 February 2011, Yantai Renhe New World Public Facilities Co., Ltd. (“Yantai Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Yantai Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed by 30 March 2012.
3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Yantai Renhe has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Yantai Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
4. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB608,000,000 assuming the construction works of the property have been completed, Yantai Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
25.	Phase I of Humen Project located at the junction of Tiyu Road and Zhangde Road, Humen Town, Dongguan City, Guangdong Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area (“GFA”) of the CIP will be approximately 423,890 sq.m. (including car parking area with a total GFA of approximately 30,000 sq.m.) upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB3,300,000,000, of which approximately RMB1,850,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2018.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located in the centre of Humen Town which is about 40 km from the nearest airport in Guangdong Province. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Development Cooperation Agreement dated 28 January 2011, Dongguan Renhe New World Public Facilities Co., Ltd. (“Dongguan Renhe”), a 90% owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Dongguan Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed within 12 months from the construction commencement date.
3. Pursuant to a Construction Commencement Approval, Yue Ren Fang (2011) No. 57, dated 3 March 2011, the construction work of the project was permitted to commence.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Dongguan Renhe has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Dongguan Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- c. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
5. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB6,100,000,000 assuming the construction works of the property have been completed, Dongguan Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 <i>RMB</i>
26a.	Portions of Phase II of Humen Project located at the junction of Humen Avenue and Bada Avenue, Humen Town, Dongguan City, Guangdong Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 147,121 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB1,150,000,000, of which approximately RMB641,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2018.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located in the centre of Humen Town which is about 40 km from the nearest airport in Guangdong Province. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Development Cooperation Agreement dated 28 January 2011, Dongguan Renhe New World Public Facilities Co., Ltd. (“Dongguan Renhe”), a 90% owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Dongguan Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed within 12 months from the construction commencement date.
3. Pursuant to a Construction Commencement Approval, Yue Ren Fang (2011) No. 330, dated 21 November 2011, the construction work of the project was permitted to commence.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Dongguan Renhe has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Dongguan Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
5. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB2,217,000,000 assuming the construction works of the property have been completed, Dongguan Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
26b.	Portions of Phase II of Humen Project located at the junction of Humen Avenue and Taisha Road and the junction of Guanyong Road and Liansheng Road, Humen Town, Dongguan City, Guangdong Province, the PRC	<p>The property comprises a 2-storey underground shopping mall and car parking area (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area (“GFA”) of the CIP will be approximately 80,879 sq.m. (including car parking area with a total GFA of approximately 25,383 sq.m.) upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB630,000,000, of which approximately RMB350,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2018.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located in the centre of Humen Town which is about 40 km from the nearest airport in Guangdong Province. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction Development Cooperation Agreement dated 28 January 2011, Dongguan Renhe New World Public Facilities Co., Ltd. (“Dongguan Renhe”), a 90% owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Dongguan Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed within 12 months from the construction commencement date.
3. Pursuant to a Construction Commencement Approval, Yue Ren Fang (2011) No. 330, dated 21 November 2011, the construction work of the project was permitted to commence.
4. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Dongguan Renhe has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Dongguan Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- c. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
5. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB1,060,000,000 assuming the construction works of the property have been completed, Dongguan Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.



# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
27.	Qinhuangdao Project located at Wenhua Road, Haigang District, Qinhuangdao City, Hebei Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 23,282 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB209,000,000 of which approximately RMB65,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2018.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

### Notes:

- The property is located in the centre of Qinhuangdao City which is about 14 km from the airport in Qinhuangdao City. The immediate locality is a commercial area.
- Pursuant to a Civil Air Defence Construction Development Cooperation Agreement dated 24 December 2010, Qinhuangdao Renhe New World Public Facilities Co., Ltd. (“Qinhuangdao Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Qinhuangdao Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed within 12 months from 5 April 2011.
- Pursuant to a Civil Air Defence Construction Commencement Approval, Ji Ren Fang Zi [2011] No. 103, dated 21 July 2011, the construction work of the project was permitted to commence.
- The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - Qinhuangdao Renhe has the rights to use the underground space of the land at which the property is located;
  - After completion of the property and the relevant completion inspection has been passed, Qinhuangdao Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
5. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB418,000,000 assuming the construction works of the property have been completed, Qinhuangdao Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
28.	Anshan Renhe Spring Project located No. 24 Dongshan Street, Tiedong District, Anshan City, Liaoning Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) with a site area of approximately 11,126.44 sq.m. which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 18,928 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB161,000,000, of which approximately RMB127,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>The land use rights of the property have been granted for a term of 40 years expiring on 29 May 2051 for wholesale and retail uses.</p>	The property is under development.	179,000,000

### Notes:

1. The property is located in the centre of Anshan City which is about 100 km from the nearest airport in Shenyang Province. The immediate locality is a commercial area.
2. Pursuant to a State-owned Construction Land Use Rights Grant Contract, No. 2103002011A0019 dated 24 January 2011, the land use rights of a land parcel (Land Parcel No. DH-2010-525) with a site area of approximately 11,126.44 sq.m. were contracted to be granted to Anshan Renhe Spring Public Facilities Co., Ltd. (“Anshan Renhe Spring”), a wholly-owned subsidiary of the Company, for a term of 40 years for wholesale and retail uses. The construction of the project has to be completed within 12 months from the construction commencement date.
3. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), An Guo Yong (2011) Di No. 101630, issued by Anshan City State-owned Land Resources Bureau (鞍山市國土資源局) dated 10 May 2011, the land use rights of the project with a site area of 11,126.44 sq.m. have been granted to Anshan Renhe Spring for a term of 40 years for wholesale and retail uses, expiring on 29 May 2051. In our valuation, we were instructed to assume that the Group is entitled to receive income from the property upon completion for not less than 40 years from the commencement date of operation.
4. Pursuant to a Construction Land Planning Permit, Di Zi Di No. 210304201100043, dated 27 April 2011, Anshan Renhe Spring is permitted to develop a project with a site area of 11,126.44 sq.m.
5. Pursuant to 2 Construction Commencement Permits, No. 20110603036 and No. 20110620045, dated 3 June 2011 and 20 June 2011 respectively, the construction works of the project were permitted to commence.

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. The land use rights of the property are legally vested in the Anshan Renhe Spring and Anshan Renhe Spring is entitled to occupy, use, transfer, lease, mortgage and dispose of the land of the property freely in the market;
  - b. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now; and
  - c. The property is not subject to mortgage or any other material encumbrances.
7. We are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB322,000,000 assuming the construction works of the property have been completed, Anshan Renhe Spring has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
29a.	Shengjing Road Civil Air Defence Project, Shengjing Road, North Zhongjie Road and Shenyang Road, Shenhe District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 25,731.94 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB131,000,000, of which approximately RMB93,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located at Shenhe District of Shenyang City which is about 29.5 km from the airport in Shenyang City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction, Development and Operation Rights Transfer Contract dated 16 December 2010, the Company has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, the Company has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the construction project acceptance inspection date.
3. Pursuant to a Civil Air Defence Construction Project Agreement dated 28 December 2010, the Company has the rights to develop the underground civil air defence space of the project. The construction of the project has to be completed within 12 months from 15 July 2012.
4. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 21010020110020, dated 22 March 2011, the project was permitted to be developed.
5. Pursuant to 2 Construction Works Commencement Permits, Nos. 201000201100020 and 201000201100021, dated 22 March 2011, the construction work of the project was permitted to commence.
6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Shenyang Huangcheng First Tunnel Public Facilities Co., Ltd. (“Shenyang Huangcheng”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;

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- b. After completion of the property and the relevant completion inspection has been passed, Shenyang Huangcheng will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. The completion date of the property cannot meet the requirement stated in Note 3. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
7. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB910,500,000 assuming the construction works of the property have been completed, Shenyang Huangcheng has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

**VALUATION CERTIFICATE**

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
29b.	Chaoyang Street Civil Air Defence Project, Chaoyang Street and North Tongtian Street, Shenhe District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 64,470 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB475,000,000, of which approximately RMB379,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located at Shenhe District of Shenyang City which is about 26 km from the airport in Shenyang City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction, Development and Operation Rights Transfer Contract dated 16 December 2010, the Company has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, the Company has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the construction project acceptance inspection date.
3. Pursuant to a Civil Air Defence Construction Project Agreement dated 28 December 2010, the Company has the rights to develop the underground civil air defence space of the project. The construction of the project has to be completed within 12 months from 15 March 2011.
4. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 21010020110020, dated 22 March 2011, the project was permitted to be developed.
5. Pursuant to 2 Construction Works Commencement Permits, Nos. 201000201100020 and 201000201100021, dated 22 March 2011, the construction work of the project was permitted to commence.

## APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

6. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Shenyang Renhe First Tunnel Public Facilities Co., Ltd. (“Shenyang Renhe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Shenyang Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - c. The completion date of the property cannot meet the requirement stated in Note 3. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
7. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB2,346,100,000 assuming the construction works of the property have been completed, Shenyang Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.



# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
29c.	Minzhu Road Civil Air Defence Project, Minzhu Road, Heping District, Shenyang City, Liaoning Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 27,856 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB207,000,000, of which approximately RMB186,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

### Notes:

1. The property is located at Heping District of Shenyang City which is about 26 km from the airport in Shenyang City. The immediate locality is a commercial area.
2. Pursuant to a Civil Air Defence Construction, Development and Operation Rights Transfer Contract dated 16 December 2010, the Company has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, the Company has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the construction project acceptance inspection date.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 210100201100019, dated 22 March 2011, the project was permitted to be developed.
4. Pursuant to a Construction Works Commencement Permit, No. 201000201103240601, dated 24 March 2011, the construction work of the project was permitted to commence.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Shenyang Shenghe Public Facilities Co., Ltd. (“Shenyang Shenghe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Shenyang Shenghe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.
6. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB953,000,000 assuming the construction works of the property have been completed, Shenyang Shenghe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
30.	Portions of Phase I of Banan Project, Yuqing Road, Xinshi Street and Baxian Avenue, Banan District, Chongqing, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 60,668.82 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB318,000,000, of which approximately RMB280,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located in the centre of Banan District which is about 58 km from the airport in Chongqing. The immediate locality is a commercial area.
2. Pursuant to a Large-scale Peacetime Underground Civil Air Defence Construction Project Investment Agreement for Baxian Avenue of Banan District, Chongqing City dated 17 November 2009, Polyton Limited (“Polyton”) has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Polyton has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed within 12 months from end of 2009.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 500113201100017, dated 14 September 2011, the project was permitted to be developed.
4. Pursuant to a Construction Works Commencement Permit, No. 500113201407210101, dated 21 July 2014, the construction work of the project was permitted to commence.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Chongqing Banan Renhe New World Public Facilities Co., Ltd. (“Banan Renhe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Banan Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;

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- c. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
6. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB1,393,000,000 assuming the construction works of the property have been completed, Banan Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

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## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
31.	Phase I of Dadukou Project, Songqing Road and Jinxia Street, Dadukou District, Chongqing, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 40,379.5 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB155,000,000, of which approximately RMB120,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

*Notes:*

1. The property is located in the centre of Dadukou District which is about 45 km from the airport in Chongqing. The immediate locality is a commercial area.
2. Pursuant to an Underground Civil Air Defence Project Construction and Use Agreement for Hurong Road, Jinxia Street and Songqing Road of Dadukou District, Chongqing dated 27 December 2009, Chongqing Dadukou Renhe New World Public Facilities Co., Ltd. (“Dadukou Renhe”), a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Dadukou Renhe has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation. The construction of the project has to be completed within 12 months from 10 January 2010.
3. Pursuant to a Construction Works Planning Permit, Jian Zi Di No. 500104201100005, dated 20 December 2011, the project was permitted to be developed.
4. Pursuant to a Construction Works Commencement Permit, No. 510202200912300101, dated 30 December 2009, the construction work of the project was permitted to commence.
5. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Dadukou Renhe has the rights to use the underground space of the land at which the property is located;
  - b. After completion of the property and the relevant completion inspection has been passed, Dadukou Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- c. The completion date of the property cannot meet the requirement stated in Note 2. As confirmed by the Company, there are no request for undertaking any liability or objection in relation to construction delay from the relevant authorities until now;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - e. The Company has to hand over the property to the relevant government authorities during war time.
6. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB880,000,000 assuming the construction works of the property have been completed, Dadukou Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
32.	Anshan Project, Guang Chang Dong Road and Guang Chang Xi Road, Gaoxin District, Anshan City, Liaoning Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 118,000 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB998,000,000, of which approximately RMB307,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2017.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

### Notes:

- The property is located about 5.5 km from the centre of Anshan City. The immediate locality is a comprehensive commercial and residential area.
- Pursuant to a State-owned Construction Land Use Rights Grant Contract dated 13 June 2014, the land use rights of a land parcel (Land Parcel No. DH-2014-014) with a site area of approximately 65,528.28 sq.m. were contracted to be granted to Anshan Renhe Public Facilities Co., Ltd. (“Anshan Renhe”) at a land premium of RMB98,300,000 with a term of 40 years for commercial operation. The land premium has to be settled before 13 June 2015.
- The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - As at the valuation date, Anshan Renhe has only settled a portion of the land premium; and
  - The payment of the land premium cannot meet the requirement as stated in Note 2, thus Anshan Renhe is subject to the liability for payment of default penalty or breach of contract and compensation for loss. As confirmed by the Company, there are no request for undertaking such liability or objection in relation to the non-compliance of the land premium payment requirement from the relevant departments.
- In the valuation of this property, we have attributed no commercial value to the property as relevant land premium payment requirement has not been complied with and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB1,923,000,000 assuming the land premium has been fully settled, the construction works of the property have been completed, Anshan Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
33.	Yingtian Project, Shengli Road, Jiaotong Road and Yingtian Park, Yuehu District, Yingtian City, Jiangxi Province, the PRC	<p>The property comprises a 3-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 86,000 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB720,000,000, of which approximately RMB224,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2018.</p> <p>Upon completion, the operation rights of the property will be held for 40 years.</p>	The property is under development.	No Commercial Value

### Notes:

- The property is located in the centre of Yingtian City which is about 180 km from the airport in Nanchang City. The immediate locality is a commercial area.
- Pursuant to an Agreement of Construction and Use of Yingtian City Century Plaza Commercial Hub Underground Civil Defence Work Project dated 18 May 2011, Moral King Limited, a wholly-owned subsidiary of the Company, has the rights to develop the underground civil air defence space of the project for commercial operation. Upon completion, Moral King Limited, has the rights to use and lease the project and is entitled to receive income from the project for 40 years from the commencement date of operation.
- Pursuant to a Construction Land Planning Permit, Ying Gui De Zi Di No. 2013-035, dated 8 September 2013, the project was permitted to be developed.
- The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - Yingtian Renhe New World Public Facilities Co., Ltd. (“Yingtian Renhe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - After completion of the property and the relevant completion inspection has been passed, Yingtian Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;



## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- c. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and
  - d. The Company has to hand over the property to the relevant government authorities during war time.
5. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB1,324,000,000 assuming the construction works of the property have been completed, Moral King Limited has the rights to use and lease the project and is entitled to receive income from the project not less than 40 years from the valuation date.

# APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES

## VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 29 February 2016 RMB
34.	Sanya Project located at Yingbin Road and Xueyuan Road, Sanya City, Hainan Province, the PRC	<p>The property comprises a 2-storey underground shopping mall (the “project”) which is under construction (the “CIP”).</p> <p>The total gross floor area of the CIP will be approximately 135,189.9 sq.m. upon completion.</p> <p>As advised by the Group, the estimated total construction cost is approximately RMB951,000,000, of which approximately RMB292,000,000 had been paid up to the valuation date. The construction works of the CIP are scheduled to be completed in 2018.</p> <p>As advised by the Group, the operation rights of the property are held for 40 years.</p>	The property is under development.	No Commercial Value

### Notes:

1. The property is located in the centre of Sanya City which is about 20 km from the airport in Sanya City. The immediate locality is a residential area.
2. Pursuant to a Construction Commencement Approval, Qiong Ren Fang (2010) No. 010, dated 29 June 2010, the construction work of the project was permitted to commence.
3. The opinion of the PRC legal advisor to the Group contains, inter alia, the following:
  - a. Sanya Renhe New World Public Facilities Co., Ltd (“Sanya Renhe”), a wholly-owned subsidiary of the Company, has the rights to use the underground space of the land at which the property is located;
  - b. As confirmed by the Company, application for the Construction Works Planning Permit (“the Permit”) is still in progress. Without the aforesaid Permit, Sanya Renhe may be subject to a risk of fine of less than 10% of the construction cost of the project and the project may be ordered to be demolished or reverted to the PRC government;
  - c. After completion of the property and the relevant completion inspection has been passed, Sanya Renhe will be entitled to occupy and use the property and receive income from the property for a term of 40 years from the commencement date of operation;
  - d. As confirmed by the Company, the property is not subject to mortgage or any other material encumbrances; and

## **APPENDIX IV VALUATION REPORT ON THE DISPOSAL PROPERTIES**

- e. The Company has to hand over the property to the relevant government authorities during war time.
- 4. In the valuation of this property, we have attributed no commercial value to the property as relevant construction works of the property have not been completed and the rights to use and occupy the property have not been obtained. However, for your reference purposes, we are of the opinion that the market value of the property interest as if completed as at the valuation date would be approximately RMB2,573,000,000 assuming the construction works of the property have been completed, Sanya Renhe has the rights to use and lease the project and is entitled to receive income from the project for not less than 40 years from the valuation date.

**A. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**B. DISCLOSURE OF INTERESTS****1. Interests of Directors and chief executive of the Company**

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules (the “Model Code”), to be notified to the Company and the Stock Exchange, were as follows:

*Long/Short Positions in the shares, underlying shares and debentures of the Company and its associated corporations*

Name of Director/Chief Executive	Company/Name of associated corporation	Capacity	Number of issued ordinary/ underlying shares held (Note 1)	Approximate percentage of interest in the issued capital
Mr. Dai Yongge (Note 2)	The Company	Beneficial owner	153,900,000(L)	0.35%
		Interest in controlled corporations	16,146,900,132(L)	36.72%
		Interest in a controlled corporation	66,556,293(S)	0.15%
		Interest of spouse	12,243,902,439 (L)	27.85%

Name of Director/Chief Executive	Company/Name of associated corporation	Capacity	Number of issued ordinary/ underlying shares held (Note 1)	Approximate percentage of interest in the issued capital
Mr. Wang Hongfang	The Company	Beneficial owner Interest in a controlled corporation	28,050,000(L) 7,575,000(L)	0.06% 0.02%
Mr. Zhang Dabin	The Company	Beneficial owner Interest in a controlled corporation	3,000,000(L) 13,100,000(L)	0.00% 0.03%
Ms. Wang Chunrong	The Company	Interest in a controlled corporation	33,600,000(L)	0.07%
Ms. Zhang Xingmei (Note 3)	The Company	Interest in controlled corporations Interest of spouse Interest of spouse	12,243,902,439(L) 16,300,800,132(L) 66,556,293(S)	27.85% 37.07% 0.15%

*Notes:*

1. The letter “L” denotes the person’s long position in such shares and the letter “S” denotes the person’s short position in such shares.
2. Mr. Dai Yongge is deemed to be interested in such shares held through controlled corporations, Super Brilliant, Wealthy Aim Holdings Limited and Gloss Season Limited, as well as the shares held by his spouse, Ms. Zhang Xingmei.
3. Ms. Zhang Xingmei is deemed to be interested in the shares held by her spouse, Mr. Dai Yongge.

Save for those disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part

XV of the SFO (including interests and short positions which he/she is taken or was deemed to have under such provisions of the SFO); (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## 2. Interests of substantial shareholders

So far as it is known to the Directors of the Company, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

### *Long position(s) in the Shares and underlying shares of the Company*

Name of Shareholder	Capacity	Number of Shares (Note 1)	Approximate percentage of the Company's issued share capital
Super Brilliant (Note 2)	Beneficial owner	15,383,738,082(L)	34.99%
	Beneficial owner	66,556,293(S)	0.15%
Shining Hill (Note 2)	Interest in a controlled corporation	15,383,738,082(L)	34.99%
	Interest in a controlled corporation	66,556,293 (S)	0.15%
New Amuse Limited	Beneficial owner	12,243,902,439(L)	27.85%
Shouguang Dili Agri-Products Group Company Limited (Note 3)	Interest in a controlled corporation	12,243,902,439(L)	27.85%
Dili Group Holdings Company Limited (Note 3)	Interest in a controlled corporation	12,243,902,439(L)	27.85%
Win Spread Limited (Note 3)	Interest in a controlled corporation	12,243,902,439(L)	27.85%

#### *Notes:*

- The letter "L" denotes the person's long position in such shares, and the letter "S" denotes the person's short position in such shares.
- Mr. Dai Yongge is interested in the entire issued share capital of Shining Hill which in turn is interested in the entire issued share capital of Super Brilliant and therefore, Mr. Dai Yongge and Shining Hill are deemed or taken to be interested in the shares beneficially owned by Super Brilliant for the purposes of the SFO.

3. New Amuse Limited is wholly-owned by Shouguang Dili Agri-Products Group Company Limited, which is in turn owned as to 67.86% by Dili Group Holdings Company Limited, which is in turn wholly-owned by Win Spread Limited. Win Spread Limited is wholly-owned by Ms. Zhang Xingmei

Save as disclosed above and so far as the Directors are aware of, as at the Latest Practicable Date, there was no other person (other than the directors or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

#### **C. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **D. OTHER ARRANGEMENTS INVOLVING DIRECTORS**

As at the Latest Practicable Date, save for the Disposal, none of the Directors had any direct or indirect interest in any assets which have since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by, or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save for the Disposal, none of the Directors were materially interested, directly or indirectly, in any subsisting contract or arrangement entered into by any member of the Group which was significant in relation to the business of the Group.

#### **E. MATERIAL LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against the members of the Group.

#### **F. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective associates was interested in any business, apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

**G. MATERIAL CONTRACTS**

During the two years immediately preceding the Latest Practicable Date, the following contracts, not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, have been entered into by the Group and are or may be material:

- (a) the underwriting agreement dated 24 November 2014 entered into between the Company and Haitong International Securities Company Limited in relation to rights issue on the basis of one rights share for every two existing shares held on 9 December 2014 at HK\$0.32 per rights share;
- (b) a dealer manager agreement dated 24 November 2014 entered by the Company with Deutsche Bank AG, Singapore Branch;
- (c) a tender and information service agreement dated 27 October 2014 entered by the Company with Syntax GIS Limited;
- (d) the conditional sale and purchase agreement dated 9 June 2015 entered into between the Company and New Amuse Limited (新喜有限公司) in respect of the acquisition of the entire issued share capital of the Yield Smart Limited (利駿有限公司) in the consideration of HK\$6.5 billion which is satisfied by (i) allotment and issued of 12,243,902,439 new Shares at an issue price of HK\$0.41 per Shares and (ii) the assumption of a loan in the aggregate amount of approximately US\$191 million;
- (e) the framework lease agreement entered into between New Amuse Limited (新喜有限公司) (as lessor) and Yield Smart Limited (利駿有限公司) (as lessee) dated 9 June 2015 for a fixed term of 20 years at an initial rent of RMB100 million per year until 31 December 2018, subject to increment every three years subsequently; and
- (f) the Option Deed.

**H. EXPENSES**

The expenses in connection with the Disposal, including financial, legal and other professional advisory fees, printing and translation expenses are estimated to be approximately RMB11 million and will be payable by the Company.



**I. EXPERT'S CONSENT AND QUALIFICATIONS**

Each of Amasse Capital Limited, KPMG and BMI Appraisals Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter(s) and/or report(s) and/or valuation certificate(s) and/or opinion(s) and the references to their names included herein in the form and context in which it is respectively included.

The following are the qualifications of the experts who have given opinions or advices which are contained in this circular:

<b>Name</b>	<b>Qualifications</b>
Amasse Capital Limited	a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO
KPMG	Certified Public Accountants
BMI Appraisals Limited	Independent Professional Valuer

Each of the experts named above confirmed that as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any direct or indirect interests in any assets which have since 31 December 2015 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**J. MATERIAL ADVERSE CHANGE**

Save as disclosed, the Directors confirm that, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2015, being the date to which the latest audited consolidated financial statements of the Group were made up.

**K. CORPORATE INFORMATION**

<b>Company secretary:</b>	Hung Fan Kwan (FCPA, FCCA)
<b>Registered Office:</b>	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
<b>Principal Place of Business in Hong Kong:</b>	Suites 603–606, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong

**L. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours, Monday to Friday (other than public holidays) at the principal place of business of the Company at Suites 603–606, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong for a period of 14 days from the date hereof:

- (a) the material contracts as set out under section headed “G. Material Contracts” of this appendix above;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-23 of this circular;
- (d) the annual reports of the Company for each of the three years ended 31 December 2013, 2014 and 2015;
- (e) the unaudited combined financial information of the Target Group set out in Appendix II to this circular;
- (f) the report on the Unaudited Pro Forma Financial Information of the Remaining Group issued by KPMG, the text of which is set out in Appendix III to this circular;
- (g) the Valuation Report from BMI Appraisals Limited, the texts of which are set out in Appendix IV to this circular;
- (h) the consent letters referred to in the paragraph headed “I. Expert’s consent and qualifications” in this Appendix;
- (i) this circular; and
- (j) the memorandum and articles of association of the Company.

**M. MISCELLANEOUS**

The English text of this circular shall prevail over the Chinese text, in the event of inconsistency.

## NOTICE OF THE EGM



### **Renhe Commercial Holdings Company Limited**

**人和商業控股有限公司\***

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

**(Stock Code: 1387)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that a extraordinary general meeting (the “EGM”) of Renhe Commercial Holdings Company Limited (the “Company”) will be held at Chatham Room, Level 7, Conrad Hong Kong, One Pacific Place, 88 Queensway, Admiralty, Hong Kong on Wednesday, 18 May 2016 at 3:15 p.m. for the purposes of considering and, if thought fit, passing the following as ordinary resolutions of the Company, with or without amendments:

Capitalized terms used in this notice shall have the same meaning as those defined in the Circular of the Company dated 29 April 2016 to the Shareholders (the “Circular”) unless otherwise specified.

#### **ORDINARY RESOLUTIONS**

**1. “THAT:**

- (a) the Option Deed dated 18 March 2016 entered into between the Company and Apex Assure Limited, the exercise of Put Option, and the Disposal and other transactions contemplated under the exercise of the Put Option including but not limited to the Reorganisation be and are hereby approved, confirmed and ratified; and
- (b) the Directors be and are hereby authorised to do all such acts and things and to sign and execute all such documents, instruments and agreements for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with paragraph (a) of this resolution”

By order of the Board  
**Renhe Commercial Holdings Company Limited**  
**Dai Yongge**  
*Chairman*

Hong Kong, 29 April 2016

\* *For identification purposes only*

## NOTICE OF THE EGM

*Notes:*

- (1) The register of members of the Company will be closed for registration of transfer of shares from 16 May 2016 to 18 May 2016, both days inclusive. In order to qualify for attending and voting at the EGM, all transfer documents should be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong on or before 4:30 p.m., 13 May 2016.
- (2) Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (3) Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share, shall alone be entitled to vote in respect thereof.
- (4) To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) The resolution at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (6) As at the date of this notice, the board of directors of the Company comprises Mr. Dai Yongge, Mr. Wang Hongfang, Mr. Hu Yuzhou, Mr. Dai Bin and Mr. Zhou Jun; the non-executive directors are Mrs. Hawken Xiu Li, Ms. Jiang Mei, Ms. Zhang Xingmei, Mr. Zhang Dabin and Ms. Wang Chunrong; the independent non-executive directors are Mr. Fan Ren-Da, Anthony, Mr. Wang Shengli, Mr. Wang Yifu, Mr. Leung Chung Ki and Mr. Tang Hon Man.